

## Stronger Nato sought by Britain and America

Warnings that Nato must strengthen and expand its role were given by Western defence experts at a weekend conference in Munich. Mr Frank Carlucci, America's new Deputy Defence Secretary, argued that Europe could no longer say it was unable to increase its military contributions. A British junior minister said that freedom and democracy must prevail in non-aligned nations.

## Allies told they must pay fair share

By Our Foreign Staff

The Nato alliance must strengthen itself throughout the world with better forces and arms, American and British spokesmen told Western defence experts in Munich at the weekend.

The United States was determined to show Europe and new and old allies elsewhere in the world "the reliability and value of American friendship" and to this end was "unequivocally committed to a major and sustained increase in military capability and therefore in defence spending", Mr Frank Carlucci, the Deputy Defence Secretary, told 140 defence specialists from nine Western countries at the Munich meeting.

With Europe's total gross national product now exceeding that of the United States, Europe could no longer argue that it was unable to increase its military contributions.

Looking beyond Europe, Mr Geoffrey Patten, Under-Secretary of State for Defence for the R.A.F., said in a text prepared for the conference, that while following "the common goals of peace and security" the Western world should avoid a revival of imperialism. "The West cannot afford to have its own Angola, Ethiopia or Afghanistan", he argued.

The principles of freedom and democracy must prevail and the West should show that, unlike the Soviet Union, it accepted the position of non-aligned countries. The West must avoid "militaristic intervention in support of regimes and movements operating against the will of the majority of a nation", he said.

A judicious cocktail of political influence and the indirect or direct application of armed force was needed.

The British view is that a three-level approach should be taken on resources outside Nato, he said.

This comprises military aid, sales and training to Third World countries; peacekeeping operations abroad by Nato to register the West's presence; and the development of a Nato rapid deployment task force for emergency intervention, such as the Americans are creating.

Mr Carlucci said that Washington wanted "to be able to say that a new awareness has arisen in the alliance, a new consensus to give first priority to the defence of freedom. We want to demonstrate that our friends and allies are contributing their fair share of the common burden."

The text of his remarks was released to correspondents by the Pentagon to ensure full publicity for his message.

## Reagan aide threatens action over Cuban arms

From David Cross

Washington, Feb 22

It was "entirely possible" that the United States would take direct action against Cuba if Havana continued to ship arms to left-wing guerrillas in El Salvador, one of President Reagan's leading advisers said today.

"It is in Cuba's self interest to halt them (the arms shipments) right now and this transmittal of subversion into Central America", Mr Edwin Meese, the President's chief adviser, told the White House, told a television interviewer.

Mr Meese had been asked whether the new Administration would consider blockading Cuba to prevent arms leaving the country. He said that he did not think it would be wise to rule out any options at present. "One of the things you do not do is rule anything out in advance".

This was one of the main troubles with the previous Administration, he said. Mr Reagan wanted potential adversaries to go to bed each night wondering what might happen if they acted against America's national interests.

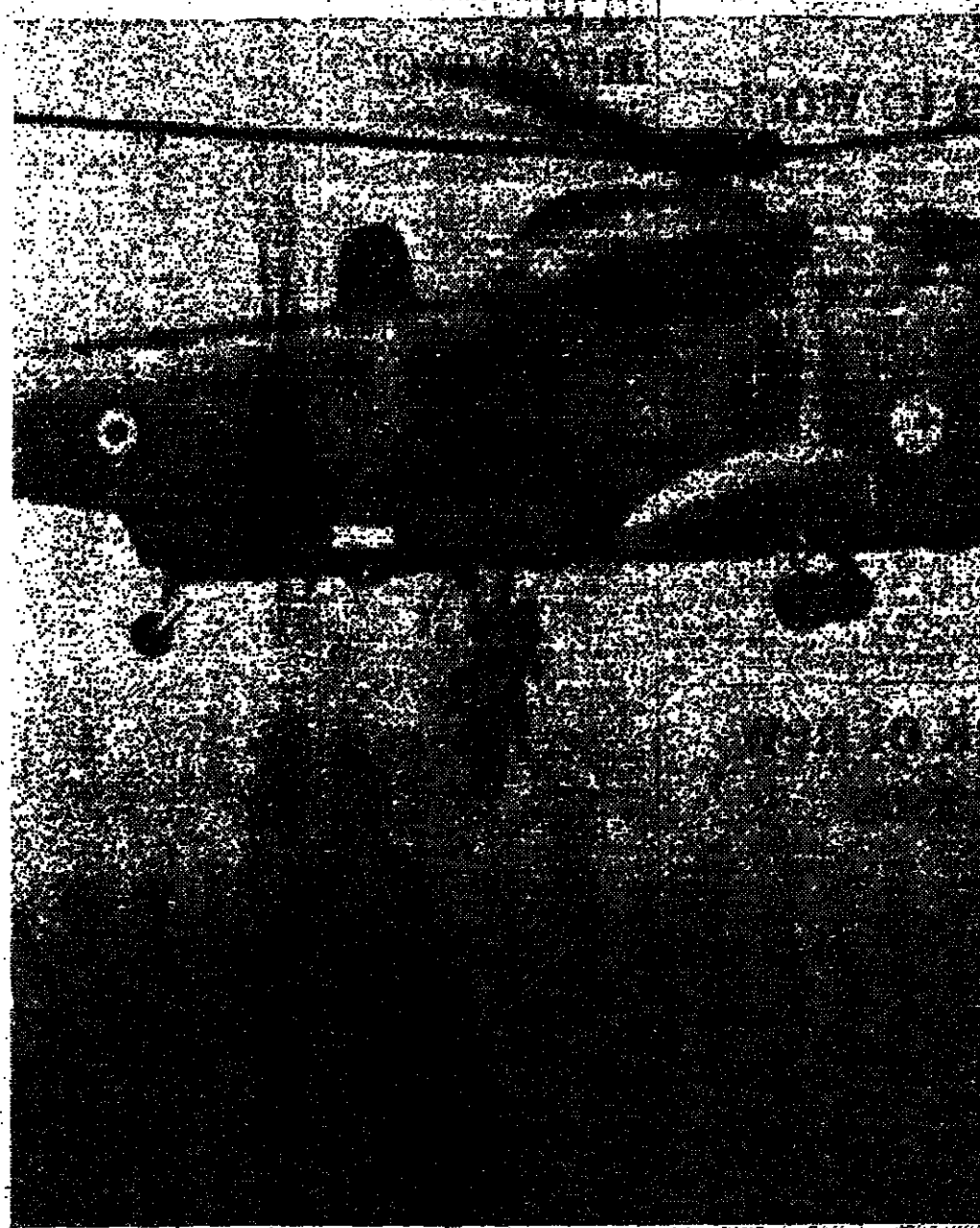
Mr Meese pointed out that the options open to the United States for dealing with the flow of arms from Cuba to El Salvador was not necessarily limited to a display of military force. Diplomatic pressures and economic measures could be brought to bear by both the United States and its allies, he said.

The Administration's first priority in tackling the problem was to present its "incontrovertible" evidence that arms were reaching the left in El Salvador from Cuba via third countries. Mr Meese said that the Cubans had been acting to prevent weapons from passing through their territory.

Explaining why the United States attached so much importance to the issue, he said that the Cubans had been "able to operate with impunity" almost anywhere in the world during recent years.

"It is time that Cuba and the other nations that seek to subvert other countries were made aware of the fact that we have a new Administration, a new national resolve", he said. "We will take the steps needed to keep the peace any place in the world, and that includes El Salvador".

Reiterating the well-rehearsed criticism of former President Carter's foreign policy, Mr Meese attacked that Administration for conflicting statements and dropping plans which it had once promised. When President Reagan said something he would follow it through, Mr Meese promised. Moreover, the Administration would speak with one voice.



A man being rescued from the sea by an RAF helicopter near Tynemouth yesterday.

## Snow storms bring chaos to the roads

By Michael Horsfield

The worst weather of the winter swept Britain yesterday blanketing about two thirds of the country in snow, blocking roads and causing scores of accidents.

In the North-east, a fisherman drowned in heavy seas after an incident in which an inshore lifeboat capsized while it searched for the survivors of a fishing boat which had overturned off Tynemouth. Six men, two of whom swam 400 yards ashore in icy water, survived.

The other four were picked up by an RAF helicopter which braved gale force winds to make two rescue sweeps. Flight Sergeant Jack Menzies, aged 30, of Alcock, was lowered four times into the sea during the rescue.

The helicopter captain, Flight Lieutenant John Streeter, aged

28, of Banstead, Surrey, said three of the surviving fishermen, who had been in the water for 20 minutes, had to be resuscitated and given heart massage during the 10-minute flight to hospital in Newcastle. The three men were described as "poorly".

The "deeper" was named as Mr Joseph Brown, aged 44, of North Shields. His son, John, aged 18, was among those rescued from the 10ft vessel, the *Mying Spray*, which capsized near the entrance of Chatterbox Harbour.

He and the other two men, Mr Ronald Brington, aged 24, were suffering from extreme hypothermia. Mr Brown's body was found trapped in seaweed.

The crew of the Tynemouth inshore lifeboat were winched by helicopter on to rocks, apart from Mr James Griffiths who swam ashore. The three-man lifeboat crew was taken to hospital in Tynemouth where their condition was said to be satisfactory.

Mr Stewart Brown, the helicopter pilot, was detained and Mr

Graham Boyd, a crewman, aged 39, who was briefly trapped beneath the lifeboat, was later allowed home.

Mr James Griffiths said: "Stewart Brown drifted away. I got thrown clear, but Graham Boyd got stuck underneath. I could not lift the boat because it was too heavy and I could not get underneath because I had inflated my life jacket."

In the Peak District, 26 people, including seven children, were stranded in their cars for several hours in the Ghyll Valley after heavy snow falls blocked the road behind them. The people, who had been visiting a local beauty spot, were released when a snowplough cleared the way.

Rather than a snowplough, a tractor was used to clear the road. The tractor was stuck in the snow. The tractor was stuck in the snow. The tractor was stuck in the snow.

Continued on page 2, col 5

## Mr Biffen admits that Government was scared by pits threat

By Michael Hatfield

Political Reporter

The past week's mine-workers' dispute had been a watershed for the Government, which had been frightened by the spectre of widespread industrial action. Mr John Biffen, Secretary of State for Trade and Industry, said today that the Government had been "scared" by the threat of a general strike.

Mr Biffen, former Chief Secretary to the Treasury, denied that he was a member of a government of monetarist theologians and said that it had been a government of pragmatists. His comments came in a television interview on *Weekend World*, given in public to show he had held privately to views he has held publicly.

But they will nevertheless sharpen the debate inside the Conservative Party in the aftermath of the Government's climbdown.

Mr David Howell, Secretary of State for Energy, and other ministerial colleagues are to meet the National Coal Board and leaders of the National Union of Mineworkers on Wednesday to bring about a settlement of the dispute, which will involve the Government paying damages to the coal industry.

It emerged last night that Mr Howell had given Treasury ministers advance warning that the board's general financial limits would have to be raised if a national coal strike were to be averted.

Mr Biffen, stating that he had not gone into politics "to be a hamster's pilot", said he was aware that the dispute was handled "imprudently", though he did not deny for one moment

the acute embarrassment this means for the Government.

The Government had given in to industrial muscle, but Mr Biffen said that the Government were very wise when they decided that this was not an area where they would put at risk their authority.

"I think that what we have seen demonstrated over the last week is something which we have long known in this country, and that is the capacity of organised labour to exercise an extraordinary authority which is, if you like, almost baronial."

There was bound to be a reaction in industrial relations but it was not a means to show that reaction would proceed. "We are still living obviously in the eye of the storm and there is still a great deal of drama about this."

Mr Biffen would not be drawn on the threatened strike by water workers, although other ministers were stating last night that that was a different situation because it was over pay.

Tory backbenchers, unhappy at the amount of Government cash for the nationalised industries with this week's watch carefully over the current account, but also the scale of financial aid to the British Steel Corporation.

Mr Biffen said that in the second half of this Parliament the Government would see "a realistic and sensible and a practical policy rather than a hard-line ideological policy."

Continued on page 2, col 2

## Unions queue to test Thatcher resolve

By David Holmes

Labour Reporter

Several powerful groups of workers are this week lining up to test the Government's determination to firmly establish its authority by making it clear that the Government will not be taken in by the offer of a union negotiator.

A union negotiator said last night that if the employers followed those exhortations the only item for discussion at a meeting of the four unions in the industry on Wednesday would be when the industrial action should take place and when it will start.

Mr Ronald Keating, assistant general secretary of the National Union of Public Employees, said: "We are not going to be taken in by the offer of a union negotiator. We are going to have a major industrial dispute with far-reaching and dangerous consequences."

Because there has never been a major dispute in the industry nobody industrial action should take place and when it will start.

Mr Keating said: "The unions might be prepared to call off their notice of strike action, which they are expected to give on Wednesday, if another 2 or 3 per cent was offered by the water council."

Unions negotiators are seeking

that its "final" 10 per cent offer was made without consultation with the Government.

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## Moscow feels under threat

The Soviet Union will be seeking support from its friends and allies when the twenty-sixth congress of the Communist Party opens in Moscow today at a time when Russians feel their ideology is facing a greater threat than it has for many years. The country's elderly leadership faces a grim economic situation at home and a gloomy outlook abroad.

## 180,000 jobs at risk

Up to 180,000 jobs could be lost because of the declining output of Britain's mechanical engineering factories over a 15-month period from October 1980 to December 1981, according to a tripartite working party report.

## Radio station blast

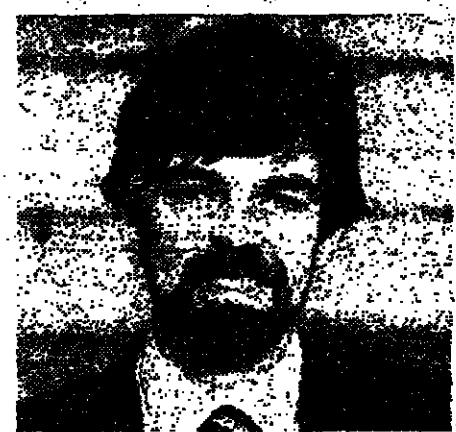
A bomb exploded outside the offices of Radio Free Europe in Munich injuring eight people. The editorial offices were extensively damaged but news broadcasts to the Soviet Union and Eastern Europe were not delayed.

## Confusion over grant

A decision to give an autistic boy a mobility allowance, a conclusion apparently in contradiction of the 1979 regulations, has created confusion for other handicapped children.

## Glasgow jobs protest

A crowd estimated at up to 70,000 took part in an unemployment protest march in Glasgow led by Mr Michael Foot, Leader of the Opposition.



England's new vice-captain: Geoff Miller, of Derbyshire, who has taken over from Bob Willis as vice-captain of the England cricket team touring the West Indies. Willis has returned home because of a knee injury.

## Child killings reach 20

The White House has set up a federal task force to find the killer of black children in Atlanta, Georgia. The recent disappearance of two children has brought the total number of victims to 20.

## Lima: Peru and Ecuador have moved closer to war

Classified advertisements: Personal, pages 22, 24; Appointments, 6, 18, 22; Reader Services Guide, 10; Property, 21.

## Go-ahead for salvaging of treasure wreck

An Edinburgh court decision means that salvage work can resume on the *De Liefde* Dutch East India ship that sank off Shetland in 1711. The wreck is believed to contain much gold and silver.

Leader page 12  
Letters: On Government's commitment to citizens, from Professor Margaret Davidson-Sellers, and others; Britain and Canada, from Professor Brian Hodgson; rule of law, from Dr. Michael Frando.

Leading articles: European-American relations; Prospects for other public sector disputes; Features, pages 9, 12.

Bismarck and the welfare state, by Anthony King; Michael Freuchman on the Falkland Islands talks; Eric Hoffer sees warnings of disenchantment among the Tories; the Jordanian option, by Christopher Walker.

Sport: Pages 9-10  
Rugby Union: Ireland make odd change against England; Athletics: Britain wins two bronze medals in the European indoor championships; Cycling: of Ireland, sets world indoor mile record.

Arts: page 11  
Philip Howard on the novel and critic Walter Allen; 70 today: Sheridan Morley interviews Nicholas Grace, Richard II at the Young Vic on Wednesday; William Mann on the National Opera's *Die Frau ohne Schatten*; page 14.

Mr Ron Grainer, Ioannis Theodoropoulos Business News, pages 15-20.  
Editor: Assessing President Reagan's budget cuts; G.N. stanches a wound.  
Business features: Roman Eisenstein on the Chancellor's interest in the banks; Pericles Knight on Brazil's home-grown maverick to oil.

## Russia warns South Africa after Mozambique raid

From Ray Kennedy

Johannesburg, Feb 22

The Soviet Union will help Mozambique if South Africa invades the country again, Mr Valentin Rodionov, Soviet Ambassador, said in Maputo, the capital of Mozambique, at the weekend.

His statement was underpinned by the visit of warships of the Soviet navy's Pacific Ocean fleet to Maputo and Beira, Mozambique's two main ports.

Four weeks ago a South African task force attacked a headquarters base of the outlawed African National Congress of South Africa (ANC) near Maputo in a raid which has considerably heightened tensions in southern Africa.

The visit of the Soviet warships to Mozambique ports is the first for nearly a year and Mr Rodionov said more ships would "shortly" be sent to Mozambique, and that the threat to vessel oil routes, is posed by vessel oil routes. It was no indication that the Soviet navy was prepared to play a more open role in the Indian Ocean.

treaty of friendship and cooperation with Mozambique, the Soviet Union was committed to giving military assistance if required.

The South African Ministry of Defence said the raid on Mozambique was a "harsh" move to give an assurance that its navy's advanced tracking facilities, while it is gathering intelligence, would be above all shipping movements in the area.

The visit of the Soviet warships is considered to be a major boost for President Samora Machel's Frelimo Government, especially as he was compelled to parade, in disgrace, army officers who he said had ordered their men not to engage the South African raiders.

A South African defence force spokesman said in Pretoria that the West also would have no take notice of the de-escalation, and that threat is posed by vessel oil routes. It was no indication that the Soviet navy was prepared to play a more open role in the Indian Ocean.

## IRA murder 'informers'

A man was shot dead by the IRA in West Belfast last night. He was named by the Provisionals as Patrick Trainor, front of the Lower Falls area. One report said he was hit by a burst of fire from a car. A statement from the IRA's Belfast battalion alleged that Mr Trainor had been passing information to the authorities since June 1976. He has yet to be officially identified.

## Peterlee has got it taped...

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It doesn't contain the usual boring sales pitch about financial incentives or great communications. Instead it gives you an idea of the kind of person you'd be dealing with here at Peterlee Development Corporation. It tells you of our enthusiasm and help, not just when you're setting up, but long after.

(We call this our "after-sales service"). It also tells of the attractions of the North East - its people and its places, its traditions of hard work and hard play. Peterlee's strike free record and a whole lot more.

As a recording, it may not make top of the Pops. But we're sure you'll love it a hit.

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Lodge House, Huntington, Peterlee  
Co. Durham, DL20 1BB  
Tel: Peterlee (0263) 853895  
Telex: 537246

Please send me the cassette containing Suzanne McKay's message.

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_



## HOME NEWS

# Negotiations start on aid for coal industry as last group of unofficial strikers return to work

By Donald Macintyre  
Labour Staff

All 50,000 miners who were on unofficial strike last week are expected to return to work today as talks open between union officials and the National Coal Board on outlying plans for the future of the industry.

In Kent, the last outpost of unofficial action, a mass meeting at Margate accepted an area council recommendation to return to work, though with a warning of further action if the threatened Snowdown colliery was not guaranteed a reprieve.

At today's talks, both sides will seek to agree a compromise policy for state aid to the industry which can be presented to the Government at a tripartite meeting scheduled for Wednesday.

The meeting of 2,000 of the

3,000 Kent miners yesterday decided to maintain for the time being an overtime ban after being told by Mr Jack Collins, area secretary, that Sir Derek Ezra, chairman of the coal board, was "on trial" after last week's retreat from the plan for pit closures.

Their return brings Kent into line with the larger militant areas of South Wales and Scotland, which on Friday decided to end their strikes.

The Yorkshire area council decided not to join the strike today as planned.

The Kent resolution said that in the event of an unsatisfactory response from the coal board on the future of Snowdown colliery, the area council would be empowered to reimpose the strike.

Mr Collins said after the meeting that he would be

prepared "to lead Kent miners into other coalfields" if the withdrawal of the closure list was not shown to mean the continued security of Snowdown.

A threat of industrial action from the traditionally moderate Nottinghamshire miners will remain until this morning, because of unrest over a tentative proposal to merge Babington colliery, near Nottingham, with Hucknall colliery.

It is expected, however, that that proposal will be included in those withdrawn last week.

The area coal board also expects that unrest over a plan to close a sister colliery, New Euxine, has been defused. Although closure of the pit was agreed with the National Union of Mineworkers, the Nottinghamshire area had decided to appeal, and the closure is one of those withdrawn last week.

Secretary of the printing union, Sogat, knew of the Act "being waved in front of his members."

Miss Harris, a poultry inspector, was named by Sandwell council, West Midlands, for refusing to join a union.

The inactivity has not deterred the TUC from publishing a lengthy guide to trade union activists on how to carry on as though the law had not been changed, and the existence of the Act continues to sour relations between the unions and the Government.

The TUC is to consult more than 100 affiliated unions on their views about the recently published Green Paper on trade union immunities. But unions are deliberately breaching the deadline for representations on the issue set by the Employment Secretary.

Mr Prior has asked interested parties to make their views known by the end of June, but the TUC will inform him that that timetable cannot be met.

The final response is being left to the annual congress of the TUC in September, and he will be informed then.

The TUC argues that such a drawn out consultative process shows the seriousness with which the unions regard the far-reaching implications of the various proposals for fresh legal curbs advanced in the Green Paper, and their concern that any future legislation should not further restrict the framework of British industrial relations.

## Thousands in protest march over jobless

From a Staff Reporter  
Glasgow

A solemn procession of the unemployed marched through Glasgow on Saturday in a demonstration against the Government, calling for "the right to work". More than double the number expected by the Scottish Council of the Labour Party turned out in what was claimed as the largest mass protest in the city since the 1920s.

So long was the column of demonstrators that after the leaders had reached Queen's Park and spent more than two hours making speeches, the procession, with its banners and anti-Thatcher slogans, was still pouring into the park.

"The rally had actually finished and people were still arriving. It was a staggering response," a Labour Party official said yesterday.

Estimates of the number that turned out ranged up to 70,000. Many came from areas of unemployment outside Scotland. Mr Michael Foot, leader of the Labour Party, walked at the head of the demonstration, which he said expressed the rising fury against the Tory Government. He went on:

"There have been great historic meetings here before, but never as large as this. They were there because of a human disgrace. Unemployment, he predicted, would soon pass the two and a half million mark as 12,000 people a week were thrown out of work."

For the rally, however, there was full employment on Saturday. Hundreds had been drafted into the city for the day because the march coincided with two other demonstrations, by Scottish loyalists and by a faction of the National Front, and with a local football derby.

Only a handful turned out for the National Front demonstration, and they joined the 1,000 "loyalists" who marched under the eyes of a large force of police.

The only trouble during the day developed at Parkhead football ground, where Celtic met Rangers and 176 supporters were arrested. Forty-nine people were injured and 19 taken to hospital. The march was the first serious test of the new law banning drink and drunken spectators from sporting events.

Mr Malcolm Rifkind, Minister responsible for Home Affairs at the Scottish Office, who visited the ground, was generally satisfied with the result.



Benjamin Savage, aged 22 months, getting to know a snowman at Box Hill, near Dorking, Surrey, yesterday.

## Rescuers in action as snow sweeps Britain

Continued from page 1

is seriously ill in hospital at Cardiff after she slipped and fell 20ft over a railway bridge during a snowball fight yesterday.

Mountain rescue teams in Glenagee and on Ben Nevis were also kept busy during the week-end. On Saturday night two English climbers were rescued after they had been caught in an avalanche on Stob Coire Nam Beithe in Glenagee.

Mr Michael Hays, aged 22, of Sutton in Ashfield, Nottinghamshire, and Mr Richard Haley, also 22, of Barrow-in-Furness, were brought 3,000ft down the mountainside by Glenagee mountain rescue team after being

found in the snow-filled central gully having fallen 200ft.

Mr Hays was taken by helicopter to hospital, in Glasgow where his injuries were described as serious, but Mr Haley was discharged yesterday.

The Langdale and Ambleside mountain rescue team in the Lake District was called out to rescue a Fleetwood man who had broken his ankle while walking in snow at Alcock Tarn, Grassmoor.

The worst affected region of snowbound Britain was the West Midlands where up to eight inches fell.

The race meeting at Wolverhampton today has been abandoned after four inches of snow fell.

## Big cuts in careers service cash sought

By Mark Jackson  
Educational Supplement

Doncaster Council will today be asked to cut back its careers department to the lowest staff levels in the country. The plan has been decided on by the council's ruling left-wing Labour group which says that the service is a waste of money.

The cut of £54,000, which represents a third of the careers department's budget, will, the principal careers officer said, bring its case loads up to those of Leicester, whose cuts last year drew a ministerial warning that the Government might have to consider taking over the local authority careers service.

Ministers are awaiting the council's response to a confidential Department of Employment report, which says that the cuts have caused serious damage to the service.

Most Labour authorities, particularly those in areas of high youth unemployment, like Doncaster, have been strengthening their careers departments, which play a key role in the government schemes for the young unemployed. But Mr George Kinnell, Doncaster council leader, told a council committee last week that the Labour group had found it was "wasting a lot of money on a cosmetic service".

Referring to widespread protests from MPs for local constituencies, head teachers and employers' groups against the proposed cut, he said that "political lobbyists" were trying to deflect the group from its purpose.

The critics claim that a council study, which appears to show that Doncaster was spending a fifth more for each pupil on its careers service than similar towns in the area, overlooked the inclusion of the £60,000 cost of setting up a new careers centre during the year of implementation.

But Mr Arthur Heaven, chairman of the education committee, said the decision had been taken as a matter of principle. He told a meeting of careers staff that the council had to choose between priorities and the careers service cut was equivalent to closing libraries or museums.

The only other local authorities known to be reducing their careers departments this year are Cumbria, which is making a 10 per cent cut, and East Sussex and Surrey which are making smaller reductions in staffing.

## In brief

### 700 flee from hotel fire

About 700 guests, visitors and staff were safely evacuated when fire severely damaged Ye Olde Febrilge hotel in East Grinstead, West Sussex, early yesterday.

The fire is thought to have started in a room adjoining the kitchen, where an ox was being spit-roasted. Police said the cause was not regarded as suspicious.

### Irish ministers try to avert petrol strike

Talks were held in Dublin last night to avoid a petrol shortage. More than 800 of tanker drivers began an official strike over pay at midnight on Friday. Miners had meetings with both sides to get negotiations reopened.

### Brian Sellers dies

Brian Sellers, the cricketer who led Yorkshire to the county championship six times during his captaincy from 1933 to 1947, has died at his home in Bingley, West Yorkshire. He was 73.

### Student hurt in fall

Miss Lynne Dorrington, a student, aged 19, of Salney, Cheshire, was very ill with head injuries in hospital at Sheffield yesterday after falling 35 feet from the balcony of a hall of residence in Clarkehouse Road, Sheffield.

### Constable stabbed

Police Constable Jonathan Spink, aged 23, was stabbed in the hand yesterday as he tried to arrest four youths caught stealing from a passenger's car on a train at Leicester South station. He was detained in hospital. The youths escaped.

### PC saves man

A young man who roped his neck and jumped off the medieval walls in York yesterday was saved when Police Constable Stephen Harris grabbed his coat and dragged him to safety.

### No inquest on player

The Sheffield coroner has decided not to hold an inquest into the death of Keith Solomon, aged 19, the reserve goalkeeper at Sheffield United, who collapsed and died last Thursday.

### Hotel hostages freed

An armed gang released unharmful two hotel workers they had taken hostage after failing to open the safe of the Killiney Hotel, 10 miles from Dublin in the Irish Republic yesterday.

### Farm death toll

Human error is blamed for 95 per cent of accidents on farms, and a quarter of the deaths are among children, according to a new agricultural safety code, published yesterday.

### Hunt for TB carrier

The police are searching for a tramp with a bad cough who is the carrier of a highly infectious form of tuberculosis. He discharged himself from hospital in Eastbourne last week.

### Punter's £100,000 win

A £100,000 fortune is waiting to be collected at a Manchester betting shop by an anonymous punter, whose £49 stake on a six-horse accumulator bet came up on Saturday.

### Britannia inquiries

The number of crewmen from the royal yacht Britannia being questioned about alleged homosexual acts has risen to eight.

## Unions hope for pay flexibility

Continued from page 1

a similar settlement to the miners' 13 per cent 10-month deal and it is possible that militant workers in Wales will today join water workers in the North-east and impose an unofficial work to rule.

The water workers are unlikely to weaken in the face of the Government pronouncements, and the chief negotiator for the Civil Service unions gave a warning that a strong line from the Government would be likely to produce a similar response from the unions.

Mr William Kendall, secretary general of the Council of Civil Service Unions, said: "There would be a hardening on our side. I believe we are in for a bruising battle."

Mr Kendall said it was inevitable that some action would be taken place if the Government was inflexible. It is thought that Lord Soames will offer an extra 1 or 1½ per cent on top of the 6 per cent to the union leaders today.

Leaders of the nine unions meet on Thursday to take a final decision on industrial action which is due to start with a one-day national strike on March 9.

Waiting in the wings of the public sector pay round are the 42,000 gasworkers whose leaders meet the employers tomorrow and are hoping for an improvement on the last 9.7 per cent offer.

Leading article, page 13

## Relief at lack of new labour law cases

By Our Labour Editor

Officials at Mr James Prior's Department of Employment are relieved that the Employment Act, 1980, has remained virtually untested since being put on the statute book last summer.

Civil servants at the department charged with monitoring the progress of the labour law reforms are unable to trace any case in which the various provisions on secondary picketing, generated by the fear of unemployment, during the 1980-81 pay round.

But Mr Prior is far from dismayed at the silence that has descended over changes in the law which were designed to create a better climate in which unions and managements could make improvements in industrial relations.

He is said to be pleased that there has not been a spate of litigation and industrial strife over the Act, since its eventual success depends on its being given time to become acceptable.

Apart from the case of Miss Joanna Harris all that Mr Prior's officials have in their file on use of the legislation are press cuttings about a small manufacturer of putty in the Midlands threatening to invoke the section on secondary picketing, and a report that Mr William Keys, general sec-

retary of the printing union, Sogat, knew of the Act "being waved in front of his members."

Miss Harris, a poultry inspector, was named by Sandwell council, West Midlands, for refusing to join a union.

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## Flexible working at Talbot despite union opposition

The 1,700 workers at the Talbot car plant near Coventry, will go over to Continental-style flexible working when they resume a four-day week on Tuesday.

For the past six months the plant has worked on a one-day week, and 525 men left recently under a £2m redundancy scheme.

Mr Peter Griffiths, the managing director, says the new efficiency move is a "brave new start". It is copied from the system in the French factories of the Peugeot SA parent company.

The unions have not agreed

to the scheme, which will allow the loss-making firm to produce more cars with fewer people.

Mr Griffiths said: "It can mean the difference between achieving 100 per cent of our schedule rather than 90 per cent and that is absolutely vital."

The new formula will enable Talbot to renege and perhaps cut the time allowed for some jobs and speed up the assembly line.

The company is to spend more than £10m on preparing Ryton to build the Horizon model, at present imported from France.

## From the grass roots: Reversing the trend to machines Farmer proposes voluntary land army on a regional basis for seasonal jobs

By Ian Bradley

A Yorkshire farmer believes that Britain's present high level of unemployment could be reduced, and the needs of farmers met, by reviving the idea of a land army.

Mr Ivor Holmes, who raises beef cattle and grows fruit and vegetables at Birstwith, near Harrogate, says that like many farmers and market gardeners he needs seasonal casual labour.

"The summer I will need a few casuals to do the fruit picking. In October I will need about a dozen people to tie up raspberries. I could also do with people to plant vegetables at various times."

At the moment I have to call individuals or small groups of the unemployed, should be established in regions throughout the country. Farmers would be able to hire the gangs on contract, paying a lump sum for a particular job to be done. Earnings could be directly related to the speed of the work, which would be supervised by a gang leader.

He emphasizes that recruitment to the gangs should be voluntary rather than compulsory. "There is no point in using people who do not want to do that kind of work."

He thinks that the only period during which it would be difficult to find work for the gangs would be between mid-December and mid-February.

Mr Holmes feels that the availability of labour gangs would help to reverse the trend towards many farmers introducing expensive machinery or even moving out of crops that are labour intensive because they cannot find casual workers.

"People are pulling out of growing raspberries, tomatoes, cucumbers and other vegetables because of the shortage of labour," he says. "Every year farmers who previously used people to harvest potatoes are buying foreign-made machines costing over £30,000 to do the job."

He has used unemployed youngsters as fruit pickers himself. Last year he offered to take a jobless school-leaver on to his farm under the Government's Youth Opportunities Scheme, but found no enthusiasm for the idea among local officials of the Department of Employment and Manpower Services Commission.

He would like to see some unemployed executive take up his idea and start a gang in one area as a pilot scheme. Earnings would be set at a level of £25 per week, East Angles and Kent are market gardening regions which, he thinks, would have a particularly strong demand for casual labour.

He also sees no reason why

the scheme should be confined to working on the land. "The gang could also be used for jobs like painting factories which require a large labour force and come round only once in a while," he says.

Britain has a smaller proportion of its workforce (2.6 per cent) employed in agriculture and horticulture than any other country in the European Economic Community.

Mr Holmes hopes that, by giving unemployed people a taste of farm work and reversing the tide of mechanization, his idea might prove the first step towards creating far more permanent jobs on the land.

In the longer term he would like to see smallholdings and allotments made more readily and cheaply available to those among the unemployed who want to set up on the land. He deplores the fact that county councils are selling off their smallholdings and that the extension of tenants' rights under the Agriculture Act, 1976, discourages landowners from letting land.

Mr Holmes believes that, if they were freed from the present law on tenants' rights, many landowners would be prepared to let parcels of about 10 acres of land on 25-year leases at a rent of between £60 and £70 a year. He says that smallholdings and market gardens of that size should yield an adequate income for one man and his family.

## Century-old passion is aroused again over politics behind Gaelic football

From David Nicholson-Lord  
Belfast

To anyone versed in the intricacies of Ulster politics, Gaelic football may seem an innocent, if inscrutable pastime. The fact that many people think very differently is a potent factor in the continuing debate about devolution in the province.

While the apparent inscrutability can be put down to ignorance of rules which are rather less intrinsically confusing than cricket, the emotions aroused by the game took root about a century ago. Last week those emotions surfaced again in the Rev Ian Paisley's Protestant heartland of Ballymena, Co. Antrim.

Obviously, the issue centred on the decision by the province's Department of the Environment to grant planning permission to the All Saints Gaelic Club for new pitches and changing facilities. In reality it concerned the antagonism of "loyalists" towards the GAA's official response of a united 32-county Ireland, the rule dating from the turn of the century which declares that

no British "soldiers, Navy men and police" shall be eligible for membership. Anger has also been roused by the GAA's sympathy for H block protesters as well as the breach of Sunday observance by Gaelic matches where republican flags are frequently flown.

To many within the GAA, the rule banning British security forces is something of an anachronism.

Among the consequences of that ruling was the reverberation of accusations of sectarianism and Gaelic clubs often got short shrift from unionist councils. According to Mr Michael Feeney, the GAA's Ulster secretary, many clubs remain short of facilities and pitches. Those included Ballymena.

Mr Mitchell's reply to his detractors was that the decision was based on planning grounds alone. But he went on to survive publicly that the council would not have objected if the body involved had been the Protestant Protest Association.

## How much would you pay to give a lost little girl a start in life?

Susie (that's not her real name) attends one of the special day care centres we run for children whose future is at risk. As little as £2 could help her.

She is 3½, the child of a broken marriage, with a violent father. When first she came to us, she was so lost and disturbed, she wouldn't speak and didn't even know how to play.

Now, she's beginning to talk and smile. She enjoys painting, and she's building up confidence in herself so that as she gets older, she may be able to relate properly to others.

Susie's tragic story is typical. Little children like her, defenceless, bewildered products of our confused society are the ones most likely to end up delinquent, making a mess of their own lives, and their own children's lives in turn.

At Barnardo's, we run day care centres with trained and dedicated helpers for these children. And, of course, we run residential homes and schools for children—but we are always concerned to try and keep children and parents together. Our help has no limits, but our money does. Skilled help like this costs a lot—though in the end it can not only give Susie a start in life, but also save society a great deal in later years.



Our children's identities are never revealed so as to spare distressing publicity.

Won't you send what you can afford today? For only £2 you can buy a sand-tray—and little aids like this help so much. For £100 we can lead a child for a whole year at the centre. Everything helps. And it helps even more if you covenant to pay regularly. That way we can claim back tax, so every £1 you give is worth £1.43. Not a penny is wasted, because we are very careful with the money we get, and many fine helpers do voluntary work for us.

Please send what you can today to Mr Nicholas Lowe, Appeals Director, Room 945, Dr Barnardo's, Tamers Lane, Ilford, Essex, IG8 1TG. Or donate by credit card. Please telephone Teledata 01-200 0200, give your card number and quote Barnardo's Room No. 998.

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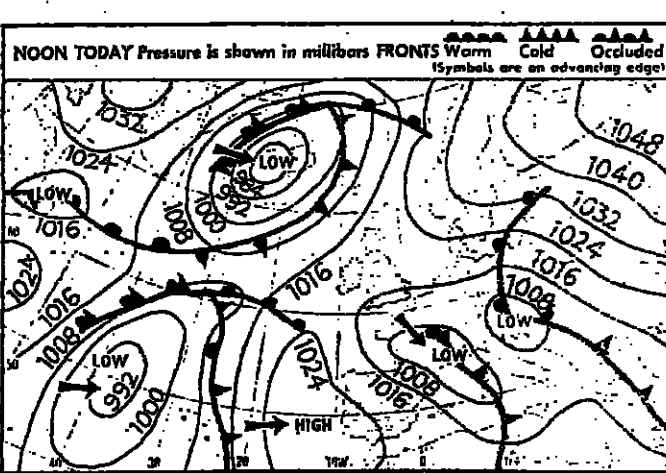
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## Weather forecast and recordings



Today

Sun rises: 6.59 am Sun sets: 5.30 pm  
Moon rises: 9.1 am Moon sets: 10.26 pm

Last quarter: February 27  
Lighting up: 6.0 pm to 6.27 am  
High water: London Bridge 4.24 am, 7.0m; 4.47 pm, 7.0m. Avonmouth 5.50 am, 12.8m; 10.6 pm, 12.5m. Dover 1.26 am, 6.5m; 1.41 pm, 6.2m. Hull 8.36 am, 7.0m; 8.7m; 1.52 pm, 6.8m.

1 ft = 0.3048m 1 m = 3.2808 ft  
Pressure will be low over France with a very cold E air-stream across Britain.

Forecasts for 6 am to midnight: London, East Angles, Midlands, SE and central S England: rather cloudy, sleet or snow at times, a few bright intervals; wind E, moderate; max temp 2° to 4°C (36° to 39°F).

Borders, NE, E central N England, Edinburgh, Dundee, Aberdeen, central Highlands: rather cloudy; snow showers, a few bright intervals; wind E to SE, moderate or fresh, decreasing; light; max temp 1° to 3°C (34° to 37°F).

Wales, SW England, S Wales, Channel Islands: rather cloudy, occasional sleet or snow, some bright or sunny intervals; wind NE, moderate; max temp 2° to 4°C (36° to 39°F).

Lake District, NW England, NW Wales, Glasgow, NW Scotland, NW Ireland: Isle of Man: mainly dry, bright or sunny intervals, isolated snow showers; wind E, moderate, becoming variable light; max temp 2° to 4°C (36° to 39°F).

Moyle, Firth of Clyde, Scotland, Orkney, Shetland: bright intervals, occasional snow showers; wind SE veering S, moderate or fresh; max temp 2° to 4°C (36° to 39°F).

Outlook for tomorrow and Wednesday: cold with sunny intervals and scattered snow showers, max temp 1° to 3°C (34° to 37°F).

Sea passages: S North Sea, Straits of Dover: wind E, moderate or fresh, watery showers; sea slight or moderate.



## HOME NEWS

### Government told of security risk at Brixton

By Peter Evans  
Home Affairs Correspondent

Brixton prison has been forced to hold more than 50 top security prisoners, the second highest number in any prison in England and Wales, although it lacks adequate defences against escape.

The Home Office was told by prison department chiefs that Brixton's security shortcomings two years before the escape of three category A prisoners. Mr William Whitelaw, Home Secretary, ordered an inquiry into that escape.

It was conducted by Mr Gordon Fowler, deputy Director-General of the Prison Service, but Mr Whitelaw said that Sir Michael Hayes, QC, (Governor General) had advised him it would not be right for his report of an inquiry to be published at present because of criminal proceedings relating to the escape. Mr Whitelaw now goes into details of how the escape took place.

Through the Home Office is refusing to say "for security reasons" how many category A prisoners are in Brixton, it is obvious to anyone in contact with them. Their presence has constituted a security risk to London that the Home Office is not talking about.

Category A prisoners are those whose escape would be very dangerous to the public or to police, or to the security of the state. The classification of prisoners into various categories is recommended by Lord Mountbatten of Burma, after the escape of George Blake, the Soviet spy.

Lord Mountbatten recommended that a new maximum security prison, Vectis, planned on the Isle of Wight, should be built there as soon as possible to hold not more than 20 category A prisoners. Instead of concentrating such prisoners, the Home Office decided that they should be dispersed among other prisoners in establishments which had to be specially strengthened.

Brixton was not properly strengthened, although it has been forced to contain almost all as many top security prisoners as Vectis would have. Brixton lacks an adequately floodlit inner fence equipped with cameras and stinging devices. As the recent escapes showed, the walls are unmountable.

At the time of the escape, there was scaffolding on the neighbouring C block.

Backlog likely for £2m lightweight train programme

The Government is ready to spend £2m on a scheme involving the use of lightweight trains in Britain's loss-making branch lines.

Mr Norman Fowler, Secretary of State for Transport, is keen to see the scheme work.

So when British Rail produces a blueprint for the East Suffolk line, which runs between Ipswich and Lowestoft, a show what can be done, Mr Fowler is likely to pay the £2m bill.

Obsolete signalling equipment would be dismantled and replaced by radio telephone links between the driver and a central controller. Manned level crossings would become continental-type automatic barriers.

And a new two-car railbus, now ready to go into experimental service, would replace the outdated expensive diesel units.

The railbuses, which are Leyland single-deck bus bodies and engines mounted on railway chassis, will not have as much to build and run as existing trains.

Meanwhile Mr Fowler is studying a joint British Rail-Department of Transport report, which last week firmly backed a £775m electrification programme for the 11,500-mile network.

Up to 80 per cent of all passenger traffic and more than half the freight, could run on electrified lines by the turn of the century.

### Report alleges unjust delays being imposed on Asians

By a Staff Reporter

The Home Office is deliberately delaying the entry to Britain of former East African Asians in India, according to a report published today by the Joint Council for the Welfare of Immigrants.

The waiting period for those citizens of the United Kingdom and colonies has grown to more than five and a half years, despite the fact that only a third of the special quota was used up last year, the report says.

The authors of the report, Mr Ian Martin, the council's general secretary, and Mr Harshad Savani, an immigration worker from Leicester, say that delay is unjust and unnecessary. They investigated the operation of the special voucher scheme on a visit to India last month and concluded that it resulted in hardship and the splitting up of families.

About 5,000 former East African Asians and their families have applied to come to Britain on the voucher scheme out of the 20,000 to 40,000 who went to India. The report says that the Home Office refuses to allow any of the quotas for other countries to be used to absorb those people, contrary to a recommendation three years ago by the select committee on race relations and immigration.

### Home Office figures confirm police harassment, MP says

By Our Home Affairs Correspondent

Figures provided by the Home Office support the widely held view that police harassment occurs in inner-city working-class areas, Mr Michael Meacher, Labour MP for Oldham West, says in a letter to Mr William Whitelaw, the Home Secretary.

The figures, which were given in a letter to Mr Meacher from Mr Patrick Mayhew, Minister of State, Home Office, show the number of people and vehicles stopped in each district within the Metropolitan Police area.

For the area as a whole, stops in 1979 as a proportion of the population amounted to 7.7 per cent. In Waltham Forest, Redbridge and parts of Essex the figure was 3.6 per cent. But in Westminster it was 32.1 per cent and in Southwark 15.7 per cent.

"The fact that the poor, working-class inner London districts almost all have a stop rate more than 11 per cent does seem to give conviction to the view that people in these areas are subject to a disproportionate amount of police harassment," Mr Meacher says.

It might be said that the enormous variations of that kind in the stop rate are justified by the fact that it is in the inner London areas which have the highest crime rates he argues. But more often than not, it is the inner London boroughs with the highest stop rates which have the below-average rate of resultant arrests.

Mr Meacher calls in his letter for a review of the policy in those areas to ensure that no more people are stopped than is absolutely necessary for the prosecution of crime, and that there should be no discrimination.

He points out that even if a "sus" law (section 4 of the Vagrancy Act, 1824) is repealed in favour of a Criminal Attempts Bill, the police will still have such powers as section 66 of the Metropolitan Police Act, 1839, to stop, search and detain people "on a considerable scale".

Mr Meacher quotes figures from Mr Mayhew as showing that the number of persons and vehicles stopped in 1979 (562,940) is high, roughly one in 14 of the population of Greater London, but the number of arrests which resulted is extremely low.

In no less than 90 per cent of cases, there were no arrests, and the persons concerned were not proceeded against, being charged, referred to juvenile bureau, cautioned, or in any other way.

Mr Meacher comments: "One of the issues which has caused great concern to the Home Office over the last year, and which generated considerable bipartisan pressure to repeal the 'sus' law, was disgust over the high level of stops used by police which do not lead to arrests."

### Medical view of 'Rastas' is challenged

By Lucy Hodges

Complaints that a disproportionate number of black people are being placed in psychiatric and maximum security hospitals have been referred to the Department of Health and Security by Mr Timothy Raison, Minister of State at the Home Office.

Mr Raison agreed to take the matter up with the health department after black representatives complained to him at a Home Office workshop on race relations in Birmingham last month. They were also concerned that some doctors regarded Rastafarianism as a sign of personality disorder.

Mr Paul Bosteng, a black solicitor, said that in the case of a hospital in south London where a doctor refused to treat black people with psychotherapy and would instead give them drugs and electroconvulsive treatment.

The health department has not yet replied to Mr Raison's letter. It is believed that the number of non-whites in psychiatric hospitals would be a difficult figure to collect, although the number in special hospitals could be established without much difficulty.

Discontent in the black community has concerned the case of Steven Thompson, aged 26, a Rastafarian who was moved to Rampton top security hospital five days before his expected release from Carrick prison, Liverpool. A demonstration was held outside the hospital, and it looks as though Mr Thompson will shortly be transferred to a local psychiatric hospital.

Mr Denis Howell, Labour MP for Birmingham, Small Heath, who took up the case with the Home Secretary, said the doctors agreed that Mr Thompson needed some form of treatment, but that it would be better if that was administered by a Birmingham consultant. Mr William Whitelaw, the Home Secretary, agreed with that, he said.

Dr Ian Pickering, the medical officer responsible for the case at Rampton, said that Mr Thompson did not need to be in a maximum security hospital. He had been transferred to Rampton two months ago by the Home Office on the ground that he would be dangerous if released, Dr Pickering said.



Record flight: Captain Giles Kershaw (left) and Sergeant Gerry Nicholson, his flight engineer, at Luton airport yesterday with their de Havilland Chubb Twin Otter in which they completed the first flight around the world

via the South Pole. They began the 61,000-mile trip in October to link up with members of the Transglobe Expedition before its record-making crossing of Antarctica. The expedition, led by Sir Ranulph Twisleton-Wykeham-Fiennes, reached the pole on

December 15, and overcame a big hurdle in the attempt to become the first expedition to circumnavigate the globe via both poles. Captain Kershaw was responsible for ensuring that the three-man team had a constant supply of food and fuel during the crossing.

### Fishermen protest in vote on leaders

Scottish fishermen return to sea today after a three-week protest over cheap fish imports.

More than 300 fishermen who attended a meeting in Peterhead on Saturday gave an overwhelming vote of no confidence in their representatives, the Scottish Fishermen's Federation. The federation had boycotted the meeting when the decision was taken to return to work.

Mr Andrew Strachan, one of the skippers who attended, said yesterday: "We have decided to go back to work because our action has not got the leadership to change their views so far. We are all facing bankruptcy so we have to go back." But he added: "It will only be a matter of time before we are forced to stop again."

Mr Peter Walker, Minister of Agriculture, Fisheries and Food, agreed last week to set up a committee of inquiry into the dumping of cheap foreign fish.

Some fishermen had already decided to return, but the 300 who voted on Saturday ignored pleas by the federation to end the protest.

Mr Strachan said: "We have no confidence in our federation because votes have been carried there contrary to the views of our members."

### Bagpipe blaze

Fire swept through a factory at Forfar, Angus, at the weekend destroying more than 300 sets of electronic bagpipes.



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(Essential for children under 7 years)

ADDRESS: \_\_\_\_\_  
(Including postcode)

AMOUNT DEPOSITED: \_\_\_\_\_ POUNDS \_\_\_\_\_ PENCE

I declare that the information given by me on this form is correct.

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## WEST EUROPE

possible that part of the ship had slid into deeper water. The museum in Lerwick has a fine collection of material from the De Liefde and from neighbouring Dutch East India man, the Kennemerland, which sank in 1694. Mr Price said that the local legends have declared to the Receiver of Wreck, but the legal status of these sites is a very curious one.

"The British Government acknowledges that the wreck belongs to the Dutch, even though it lies in British waters, and in spite of the fact that the Dutch Government does not acknowledge British ownership of British wrecks in Dutch waters; HMS *Lutine* is a case in point."

The Dutch ministry of finance, he said, had apparently little interest in the historical value of the wreck site, and saved the treasures only to give them to a virtual anyone who asked for them. "They even granted one on the *Concordia* in Shetland which in fact was a Danish West Indian, not even one of theirs."

Price admitted that finding treasure was a useful way of financing other diving expeditions, providing there was a market for the coins that were found, and came a reasonable variation could be set on them.

Of two valuations on some of the De Liefde finds, two professional valuers came to the same conclusions. One said they were worth £18,000, the second £6,700.

# Eight hurt by blast at Radio Free Europe

**By Clifford Longley**  
**Religious Affairs**  
**Correspondent**

Mr John Nott, the recently appointed Secretary of State for Defence, has assured church leaders that the West has no policy of delivering a so-called "first strike" nuclear attack. Does it plan to acquire the means to do so.

That is one of a number of points he made in a personal letter to Mr Michael Latham, Conservative MP for Melton, and members of the assembly of the British Council of Churches, who had passed to him a number of recent statements and reports by church bodies and leaders. Mr Latham has issued Mr Nott's letter for publication.

Mr Nott stated that he has great sympathy with those who have expressed the moral difficulties of Christian support for nuclear weapons. He notes that the Roman Catholic bishops of England and Wales had been "in the forefront of the discussion, and quoted with approval a remark by Mr Sydney Bailey, the Quaker leader, that there was no policy about the threat or the use of nuclear weapons "which does not pose appalling moral and practical difficulties."

He adds that his own thinking came out at about the same point as the Archbishop of Canterbury's; rejecting unilateral disarmament as right or responsible. Like the arch-

but says that this will not be gained by giving the Russians what they want before negotiations start.

He agrees with Dr. Runcie and with Dr. Kenneth Greet, President of the Methodist Con-

ference, in deploring the amount spent on arms, "Perhaps I could pick up one other point from Dr. Greet's speech," Mr. Norr concludes. "The talk of a preemptive strike that envisages a preemptive first strike with nuclear weapons." If by this he meant a policy that would attempt to destroy any adversary by destroying its nuclear capability, then I can assure Dr. Greet that the West has no such policy; nor does it possess a plan to acquire the sort of capability that would make a preemptive strike a real option."

Earlier he refers to the "Christian" moral duty to uphold the essential dignity of individuals against the contempt of human rights demonstrated by the Russian leadership.

### Christening for 19

Nineteen babies of fairground families will be christened tomorrow at one service in the Church of St. Andrew. Three clergymen will officiate, and two extra fonts will be in use.

## Mr Walker to fight threat to British farm incomes

British food imports and a corresponding subsidy on food exports. These taxes and subsidies could be eliminated by revealing the "green points" to Britain into line with sterling's value.

Mr Walker has consistently opposed revaluation, however, despite an outcry from consumer interests in Britain who would like to see the pound's strength reflected in cheap food. No one disputes that food would cost less without the per cent levy.

But it is that any valuation of the "green point" automatically cuts the minimum prices guaranteed to British farmers by the same amount, and Mr Walker takes the view that the need of farmers to present is greater than that of consumers.

Mr Walker's dilemma is that a price rise could be agreed with farmers, but a "green point" revaluation by the pound is an overall EEC farm price increase of 15 to 20 per cent.

An increase of that order would, however, make the money of farmers' money in favour of keeping farm prices as low as possible.

## Basque doctors condemn consuls' kidnappers

ment, and for reforms in the Spanish police.

In San Sebastián the Basque left-wing party, which is close to the "poli-milis" and has no seat in the Cortes, held a press conference yesterday to show colour photographs of the badly battered body of José Arregui.

[Eighteen colour photographs of the burnt, beaten corpse of José Arregui were published by the independent newspaper *La Esfera*. They showed Arregui lying on a bloody sheet on a morgue autopsy table, black with bruises on his shoulders, back, legs, face and buttocks and with rain marks on the sole of his feet (UPI reports from Madrid).

The photographs had been

Euskadiko Eskerra (Basque left) Party.  
Basques of origin suspected Basque terrorists in detention complained that a special parliamentary committee on human rights has not met since the anti-terrorist law was passed. The committee's members, including both Socialists and Communists, on October 29 last. The anti-terrorist law includes a promise that "at least every three months" a report on the law's use will be made to Parliament by the Interior Minister. This is evidently to keep a check on possible abuse of the additional seven days the police are permitted under the law to detain suspected terrorists, for preliminary interrogation. No such report has yet been



Technicians sifting through the debris of what was left of their shattered maintenance room yesterday

From Richard Davy  
Munich, Feb. 22

Eight people were injured by the bomb which exploded last night outside the offices of Radio Free Europe and Radio Liberty, the American-financed stations which broadcast to Eastern Europe and the Soviet Union.

Four of the injured were working inside the building and one is seriously hurt. The rest were Germans within range of the blast which blew out windows in buildings 200 yards away.

Police say the bomb was a large one, about 22lb, with a timing device and must have been placed by experts. However, although the governments of Eastern Europe and the Soviet Union complain frequently about the stations, senior staff were being careful not to jump to the conclusion that East European agents were responsible.

It caused extensive damage to the editorial offices of the Czech section, where the injured employees were working. Although the switchboard was knocked out the bomb did not delay news broadcasts.

Last September a bomb killed 13 people at Munich's Oktober festival. It was thought to have been detonated by a young man with right-wing connexions who was killed by the explosion.

The radio stations have not been subjected to serious bomb

attacks before, though there were some minor incidents at the height of the cold war in the 1950s and individual members of the staff have sometimes been threatened.

Mr Georgi Markov, a Bulgarian defector who was killed in London by poisoned pellet, was a contributor. So was another Bulgarian defector who survived a similar attack in Paris. Earlier this month three Romanian emigres, one in Paris and two in West Germany, received parcels of bombs.

ally is blamed, are accused of defrauding the south, and at the same time, the majority of those who should be sacrosanct if the Government's protestations are anything to go by.

The three-month old Government faces a remarkable range of issues, as Signor Craxi suggested. The meeting of the secretaries of the four parties on Friday has mainly been second sight of the Government's position in Parliament on Thursday when the coalition, despite its large majority on paper, was outvoted six times, on the budget estimates, of all the questions, and given a respite, only because the Communists agreed to postponing further discussions on the bill.

But the real difficulties were submerged and left as such. A Great embarrassment had been caused to the Government last week by discussion of the plans for a future form of rule, much less political and factious, pushed forward by Signor Benigno Zaccaria. He is a respected industrialist, a former Minister of Finance, a pioneer of the moves to save Venice from floods and, more to the point, a convinced exponent of the view that governments should be free of the domination of parties and of the Parliament, and of individual majorities on issues.

dividual measures, instead of having negotiated majorities. The rise of Craxi and the Communists were perturbed because his scheme clearly looked to Communist participation in the *ad hoc* majorities which he envisaged while professional politicians, who have made their careers within the structure of parties, could not stand the challenge to the methods for which they have worked.

Strict parliamentarians, as opposed to the faction mentality, reluctantly had to admit that parliament is a splendid institution as Signor Visentini feels, but it scarcely works.

The blast of anger against Signor Visentini is symptomatic of the feeling among the politicians that change is best avoided.

Signor Craxi openly regarded himself as a factor of change in the sense that he feels he has broken the Mafia and social break a Christian Democracy monopoly of three decades.

Exactly what the new thinking in Italian affairs means is unclear. One newspaper today devotes its zygalsis to the question of whether the new fresh stimulus is coming from the outside. But there is and there is not. Signor Craxi says, summits will not make it go away.

# arouses

## Greek anger

From Mario Modiano  
Athens, Feb 22

Greece has formally protested to the United States about the unauthorized training exercise carried out on Friday by the United States' Army in the northern city of Drama.

An official statement said that the incident had resulted from a violation by a junior officer of regulations prohibiting manoeuvres by American troops in Greece outside their encampment, without specific permission.

The Greek protest was made yesterday by Mr. Constantinos Mitsotakis, the Foreign Minister to Mr. Robert McGonkale, the United States Ambassador, who was summoned to the Foreign Ministry.

Although the Americans had already offered full explanations and apologies to the Greek authorities, the American ambassador reiterated his Government's regret and assured the minister that existing agreements to Mr. McGonkale would be strictly adhered to in future.

The episode will certainly strengthen the Greek hand in

## Lisbon party wants to limit Eanes power

[illegible]

## Mr Walker to fight threat to British farm incomes

From Michael Hornsby

British food imports and a corresponding subsidy on food exports. These taxes and subsidies could be eliminated by revealing the "green point" to Britain into line with sterling's value.

Mr Walker has consistently opposed revaluation, however, despite an outcry from consumer interests in Britain who would like to see the pound's strength reflected in cheap food. No one disputes that food would cost less without the per cent levy.

It is that any revaluation of the "green point" automatically cuts the minimum prices guaranteed to British farmers by the same amount, and Mr Walker takes the view that the need of farmers to present is greater than that of consumers.

Mr Walker's dilemma is that a "pure rise" could be agreed with farmers, but a "green point" revaluation by 15 per cent would, on an overall EEC farm price increase of 15 to 20 per cent.

An increase of that order would, however, make the money of farmers' money less attractive in favour of keeping farm prices as low as possible.

United States on defence co-operation, at least in their demand for effective control of American military installations in Greece. The latter point had been one of the main points.

The incident has revealed the presence of American servicemen outside the four main United States bases, and that is found to cause some embarrassment to the American Government, especially as it is generally assumed that the United States Army detail was guarding nuclear warhead deposits.

The men belong to the 558 United States Army Artillery Group which is believed to have responsibility for guarding, under a double-key arrangement, the tactical nuclear warheads for the Honest John missile. The unit with which the United States has equipped the Greek Army.

Press photographers have already spotted concrete hangars at the base near Drama, and as the warnings to newspapermen that they can be shot on sight.

The Athens press has also suggested that the 20-man detail that sailed through the city in the form of a military band, wearing gas masks and protective clothing, was actually engaged in an anti-nuclear drill, not, as the Americans stated, one related to chemical warfare.

The opposition parties in Greece have denounced the incident as an American provocation.

## Basque doctors condemn consuls' kidnappers

From Richard Wig  
Madrid, Feb 22

seized, made their views known in a public statement. At the same time the politico-military wing of the separatist organization, ETA, continued to exploit the impact of the recent death of José Arregui during interrogations.

The kidnappers are apparently making no direct contacts with the families of their victims.

It was through the local new papers that the "poli-mili," as the press has nicknamed them, is known, threatened to go on "making the most appropriate use of arms" to achieve Basque autonomy, including further possible kidnappings of consular officials and other high-ranking hostages. The organization also called for the dismissal of Sen. Juan Rosón, the Interior Min-

ment, and for reforms in the Spanish police.

In San Sebastián the Basque left-wing party, which is close to the "poli-milis" and has no seat in the Cortes, held a press conference yesterday to show colour photographs of the badly battered body of José Arregui.

[Eighteen colour photographs of the burnt, beaten corpse of José Arregui were published by the independent newspaper *La Esfera*. They showed Arregui lying on a bloody sheet on a morgue autopsy table, black with bruises on his shoulders, back, legs, face and buttocks and with rain marks on the sole of his feet (UPI reports from Madrid).

The photographs had been

Euskadiko Ezkerra (Basque left) Party, "polices" of officers suspected Basque terrorists in detention complained that a special parliamentary committee on human rights has not met since the anti-terrorist law was passed. The committee's members, including both Socialists and Communists, on October 29 last. The anti-terrorist law includes a promise that "at least every three months" a report on the police's use of force will be submitted by the Interior Minister. This is evidently in keep a check on possible abuse of the additional seven days the police are permitted under the law to detain suspected terrorists, for preliminary interrogation. No such report has yet been



OVERSEAS

# West's resolve to keep defences strong undermined by false view of détente, Nato chief says

By Our Foreign Staff  
A false view of détente is undermining Western resolve to keep defences strong, the Nato Secretary-General, said at a meeting of Western defence experts at the weekend.

Practice had shown that strong Western defences were a fundamental element of détente, he said, but the Western public had lost sight of the fact, and this was weakening the resolve of the Western alliance to maintain effective defences.

"I might even say that this was one of Moscow's goals when it helped to initiate détente more than 10 years ago," Dr Luns told his audience of 140 from nine nations.

It was ironic, he said, that détente—originally seen in the West as a way of stabilizing relations with the Soviet Union—was now exerting "a negative influence on the internal cohesion and solidarity of the alliance partners."

One of the worst aspects of the situation was that too little had been done to destroy the public's illusion that détente was irreversible, he said. The West had clung to this illusion in spite of the Soviet invasion of Afghanistan and recent threats against Poland.

The West had to "swallow the bitter medicine and accept sacrifices for a secure Western defence," Dr Luns said.

"We must reckon that a future generation of Soviet leaders, who in contrast to the

present ones will have no personal experience of the horror of war, may be far more inclined to concentrate on the military achievements of the Soviet system to compensate for the many-faceted shortcomings of the Soviet system in other areas," he predicted. It was a vain hope that the Soviet system would improve.

Earlier, Herr Hans Apel, the West German Defence Minister, defended his Government's record on defence spending in the face of American criticism that European expenditures are too low.

Germany, like most NATO members, has failed to implement Nato's decision that national defence budgets should increase by 3 per cent over 1980-1981.

Herr Apel told the conference that German defence budgets had increased by 21 per cent in real terms in the past decade. But he admitted that the Soviet SS20 nuclear missile, which poses the most serious threat for Western Germany, would be completely deployed well before Nato's first Pershing 2 and Cruise missiles were in position.

The Soviet Union was deploying the SS20 at an unexpectedly fast rate, he said.

Herr Apel, who is Chancellor Helmut Schmidt's Social Democratic Party is opposing Bonn's support for a Nato decision to deploy 572 Pershing 2 and Cruise missiles in Western Europe. However, Herr Apel told the conference that his Government would carry its share of any defence increases

# Ecuador and Peru move closer to war

Lima, Feb 22.—Peru and Ecuador today seemed closer to war after a Peruvian warning of revenge attacks if Ecuador made new incursions across the disputed border. Military sources said the Peruvian armed forces were on full alert.

At the same time, Ecuador's Ministry of Commerce announced that all imports of Peruvian goods had been suspended. The Peruvian ultimatum was included in a communiqué from the presidential palace which claimed the capture of three Ecuadorian emplacements inside Peruvian territory.

"The Peruvian armed forces have precise instructions from the supreme Government to eliminate any infiltration detected on the Peruvian side of the Condor mountains," the communiqué said. Any further incursion would be considered an act of war.

The communiqué made no mention of casualties in the operation against the three positions, but it said a Peruvian reconnaissance helicopter was shot down on Friday.

The fighting shattered the ceasefire agreed on February 2 which was achieved through the mediation of the United States, Chile, Argentina and Brazil. Guarantors of a 1942 treaty defining the border.

Representatives of the four nations were briefed in Lima last night by Señor Javier Arias Stella, the Foreign Minister, diplomatic sources said.—Reuters.



Envoys' affair: There was no official comment from the Foreign Office on the disclosure yesterday that Sir Geoffrey Harrison, a former British Ambassador in Moscow, had been recalled to London after he had reported having an affair with a Russian chambermaid employed in the embassy (Our Diplomatic Correspondent writes).

# Britain urged to fund Zimbabwe land plan for black farmers

From Nicholas Ashford Salisbury, Feb 22  
A three-member parliamentary subcommittee on overseas development, which has just completed a 10-day visit to Zimbabwe, is to recommend that Britain should become "the major contributor" to a programme of land acquisition under which black peasant farmers can be resettled on land owned by white farmers.

Mr Kevin McNamara, the group's Labour leader, said in an interview shortly before leaving for London that the question of land was of the utmost importance to the Government of Mr Robert Mugabe. "The success or failure of his Government will ultimately be measured by the way it deals with the question of land settlement."

The Zimbabwe Government is carrying out its land acquisition programme on a willing seller, willing buyer basis. The Prime Minister has made it clear that his Government does not want to force white farmers to sell land. Nor does he want the transfer process to reduce the productivity of the (white) commercial farming sector.

"If the resettlement programme is seen to succeed it will help guarantee the stability of this very impressive Govern-

# Pakistan ban on Bhutto widow after student riot

From Hasan Akhtar Islamabad, Feb 22  
The Pakistan Government today banned Begum Nusrat Bhutto, widow of the executed Prime Minister, from entering the North West Frontier Province. Serious clashes took place between police and students there yesterday resulting in injuries on both sides.

The ban was imposed after Begum Bhutto was reported to have left Karachi for Peshawar. Similar restrictions have been placed on Miss Benazir Bhutto, the daughter of the late Prime Minister, although according to Karachi reports, she has not left for Peshawar.

President Zia ul-Haq held a special Cabinet meeting attended by provincial governors and the Army corps commanders, to discuss among other topics the recent wave of student resentment and violence in different parts of the country. As a first step almost all universities and colleges in the Punjab and the North West Frontier provinces have been closed indefinitely.

The worst of the recent student demonstrations took place in Peshawar yesterday. According to the Government, students used 503 rifles looted from the university security staff armoury, in addition to revolvers and pistols against the police force deployed to prevent students marching towards the city.

# Pricing system blamed for shortages

# Polish farm failure at root of crisis

By Timothy Garton Ash  
A root cause of Poland's crisis is the catastrophic state of its agriculture. Food price rises sparked off the first wave of strikes last July, as they did previous political upheavals in December, 1970, and June, 1976.

Food shortages continue to anger workers belonging to the independent trade union movement, Solidarity. Moreover, about \$5,500m (2,390m) of borrowed Western money—nearly a quarter of the huge foreign debt, has gone to pay for imports of food and fodder.

"We have eaten that much," Professor Zdzislaw Grochowski, Deputy Minister of Agriculture, said. His Government is asking the European Community for a further 50,000 tons of meat and 10,000 tons of butter.

Yet this rich and fertile country has traditionally been a big exporter of food. In the 1950s it was selling about 35,000 tons of pork a year to Britain alone. Only since 1972 has it become a net importer. What went wrong?

Inordinate consumption and inadequate production is Professor Grochowski's short answer. He believes that Poland has a level of consumption comparable with that of France in 1970, and a gross national product nearer France's 1960 level.

Meat consumption increased between 1970 and 1975 by the same amount as in 1950 to 1970. According to official statistics Poles eat about 160lb of meat a head a year (compared with 57.32lb in Britain).

Personal observation suggests that the statistics do not lie. Despite the three-hour queues in the snow and the empty butchers' shelves most Poles still seem, somehow, by paths often private and mysterious, to obtain the ingredient which traditional Polish cooking uses so generously.

Domestic meat production, however, is down an estimated 18 per cent in January 1981 compared to January 1980. Last year's potato harvest was half what was expected—blighted by disastrous weather. The Minister lays great emphasis on the weather, for which, of course, no government could be held responsible.

But, being new in office, he also acknowledges frankly that

the state food price system is much to blame. For several years it has simply not been worth while for the private farmer to send his pigs to the official market.

Furthermore, the low productivity of other sectors of agriculture results from a chronic shortage of fertilizers and machinery. That in turn can be traced back to the long-term "anti-agricultural" character of Poland's industrialization since the Second World War.

Even East Germany has more people employed in the production of agricultural machinery for only a third as much land under cultivation. East Germany's agriculture is the most efficient in Europe. It is also highly collectivized.

Poland's is not—75 per cent of land is in private hands. The rest is divided between state and cooperative farms, which are notoriously inefficient. On average, private farms are 25 per cent more productive.

Yet over the past decade the regime of Mr Edward Giersek, the former party leader, continued to pour money into the state sector, and to expand it by requisitioning private fields. That impeded the improvement of supplies from the private sector. Private farmers were disadvantaged in many respects—over the supply of building materials, the granting of modernization loans and the prices they got at market.

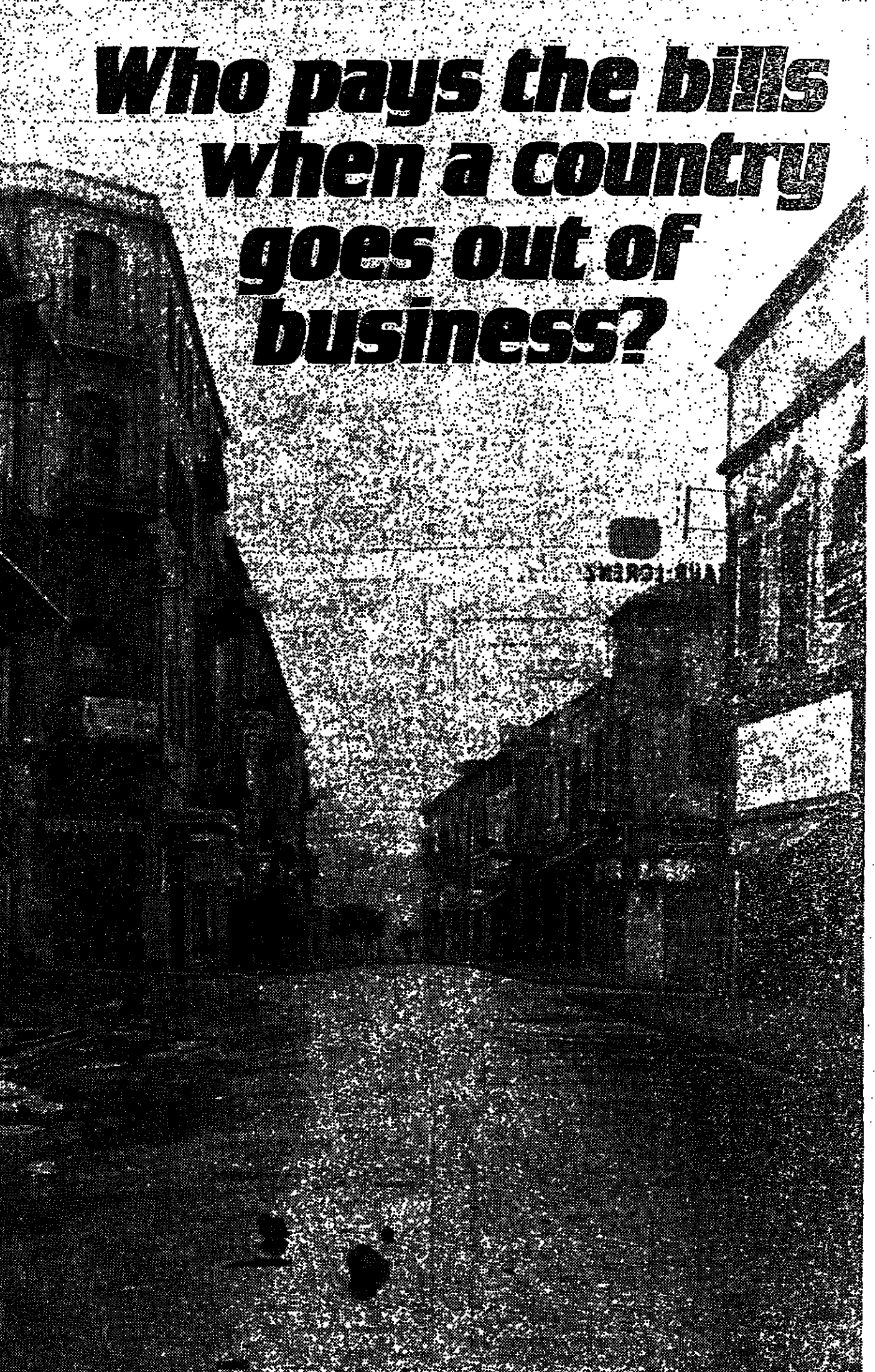
It also resulted in a further fragmentation of the pattern of landholding. The characteristic patchwork quilt of smallholdings (the average size of a farm is five hectares) is ironically enough a product of the communist authorities' policies in the 1940s, when they distributed land to win the allegiance of a solidly conservative Roman Catholic peasantry.

The lack of success of the attempt is obvious.

Private farmers all over Poland are organizing independently under the banner of Rural Solidarity. Representatives of this movement already claim a membership of over half a million out of a total of about 3,500,000 private farmers.

The communist regime sowed the wind; it is reaping the whirlwind.

Next: Agricultural reform.



# Who pays the bills when a country goes out of business?

# Police kill four as mobs go on rampage in Gujarat

From Trevor Fishlock Delhi, Feb 22  
Four demonstrators were shot dead by police in Ahmedabad today as trouble rooted in caste conflict spread in the Indian state of Gujarat.

There were also reports that five people, including a doctor, had been stabbed. In two districts of the city, rioters turned out to stone police and burn buses, despite a curfew order.

More than 150 people were injured, and a hundred arrested, as police in several towns used tear gas, gunfire and baton charges to break up mobs and restore order.

The trouble, which started with demonstrations by medical students, has become increasingly violent. Today's shootings brought to 19 the number of people killed since rioting broke out three weeks ago.

Troops have been called in to help police deal with rioters who have burnt buses and shops and who have ransacked offices for furniture to build barricades.

The state government yesterday invoked the new preventive detention law, which provides for detention without trial, to arrest two leaders of the agitation.

Medical students have been protesting at the practice, common throughout India, of reserving places in colleges for people belonging to the Harijan (Untouchable) caste.

The earmarking of jobs for Harijans and tribal people, and the reserving of places in colleges and other institutions, is the most important way in which India tries to create a framework of equality within a society traditionally ordered on caste lines.

Although the intention is admirable, and some Harijans and tribal people have been brought into the economic and social mainstream, the effect of the policy is to lead to resentment. Caste prejudice and rivalry still run deep.

The Gujarat state government's policy of reserving a quarter of places in the post-graduate medical school for Harijans and tribal people led to students forming an anti-reservation committee, going on strike and demanding the abolition of reserved places.

Fighting broke out. Harijans were beaten up, and some of their homes were set on fire. In retaliation Harijans began demonstrations against the students. They have also stayed away from work at textile mills in the past three days.

A desolate street, with business at a standstill, shows the utter paralysis of this unhappy corner of the Mediterranean.

In the past few years, a number of countries have literally gone bankrupt, as a result of political or economic failure, or, sometimes, both.

Obviously, there are still plenty of other overseas markets where British companies are doing very well. But anyone who has been doing business with a country like this one will know the difficulties of getting paid for their exports.

Last year alone, ECGD paid out about £180 million to British exporters for losses of this kind; this figure actually accounts for two-thirds of all claims. Ironically, the buyers involved might well have been willing to pay, but the money simply could not be transferred out of their countries.

In addition, exporters must also contend with several other potential risks, from natural disasters to bankrupt customers. (In fact, nearly £70 million in claims was paid for the default or insolvency of individual buyers.)

Even so, many British exporters still have their heads firmly in the sand, thinking "it could never happen to us."

But 12,000 firms that know better have chosen to insure with ECGD, a government department with over 60 years' experience in helping the exporter.

ECGD offers the only credit insurance available which covers you for non-payment on exports of goods or services, world-wide, irrespective of whether it's the customer or the country that fails.

But ECGD also benefits the exporter in many other ways. Opening doors to cheap finance, for instance, by giving cover direct to a financing bank.

Or providing cover for sales from stock held overseas (and for the stock itself). And cover for contracts financed or invoiced in foreign currencies.

But perhaps most important, ECGD gives you security in an unsettled and unpredictable world. Safe in the knowledge that, should anyone else fail to pay their bills, you can still go on paying yours.

# ECGD

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## OVERSEAS

# Moscow party congress will opt for orthodoxy at a time when Russians feel threatened

From Michael Binyon  
Moscow, Feb 22

The twenty-sixth congress of the Soviet Communist Party, which opens here tomorrow, is being held at a time when the Russians feel their ideology, the bedrock on which the regime bases its legitimacy, is facing a greater challenge than it has for many years.

For the next 10 days the vast propaganda machine of the Soviet state will spare no effort to rally the party faithful, re-ignite the tired slogans, extract pledges of support from foreign delegations and present the world Communist movement as a unified, dynamic and purposeful force still marching towards its ultimate triumph over capitalism.

The congress comes at a time of exceptional difficulty for the Soviet Union. At home the economic situation is serious, with falling growth rates, stagnating productivity, unproductive agriculture, an unproductive workforce. Abroad the outlook is also gloomy, with renewed challenges to the Soviet Union from the United States, unrelenting hostility from China, a guerrilla war in Afghanistan and a crisis within the Soviet Union's own camp in Poland.

Never since the war have the Russians felt so isolated, never has such an elderly leadership had to cope with so many complex problems. In Moscow's view it is therefore a time for the Soviet Union's friends and allies to stand up and be counted. It is a time when the Russians want, above all, unity and support, loyalty and cohesion. This congress looks like being exceptionally rigid in its demands, congress when the Russians will defiantly assert the primacy and correctness of their ideology in the teeth of recent challenges.

These challenges take many forms, but all are serious. At home there is of course an open opposition, but a much more insidious danger: apathy. The average Soviet citizen has begun to be openly cynical about the ability of the regime to provide the better life he has been promised. Too much has been promised too often before.

No one is now openly recalling Nikita Khrushchev's famous boast 20 years ago that by 1981 the Soviet Union would have overtaken the West in its standard of living and provision of consumer goods. But recent Soviet commentaries have pointedly spoken of the necessity to postpone earlier targets because the country's defences had to be strengthened in the face of new threats from the West.

Significantly this week a foreign affairs journal, for the first time, publicly voiced what millions of Russians are saying: the country has also to pay vast sums to support Vietnam, Cuba, Ethiopia and other allies.

The Russians have botched the appeal to Soviet foreign youth. But they have been frank in admitting that its propaganda is weak and cliché-ridden, ineffective and unable to compete with the radio broadcasts and other attractions of the West. And strengthening the ideology at home will certainly be a main topic of the congress.

Abroad the challenges come from fraternal parties that are increasingly self-assertive and independent of Moscow. Some, such as the Chinese, are openly hostile, yet the Russians have been unable to pronounce a formal anathema on them in the name of all the other parties. This week the Foreign Minister of Rumania, to see how far the Rumanians would go along with any new condemnation of the Chinese.

However, other parties have also been causing problems, especially the so-called Eurocommunists. The Russians have never accepted the definition or the heresies of these parties. This weekend Tass pointedly printed the assertion by an Argentinean Communist that there was no such thing as Eurocommunism, just as there was no Latin American or Asian communism.

But Moscow now appears to have given up attempts to whip the Eurocommunists into line.

Indeed, this congress is striking for the very low-level representation of the West Europeans.

At a time when the Russians want support over Poland, unity in the struggle against Nato's deployment of American missiles in Western Europe, they cannot afford a public and damaging quarrel with the large Italian party over such issues, and so if Signor Enrico Berlinguer, the Italian party leader, is not coming to Moscow, so much the better.

On the other hand the Russians have been paying exaggerated attention to their new friends and allies—Third World parties and national liberation movements. This congress is significant for the degree to which Soviet ideologists now regard movements earlier considered only stages towards orthodox communism as quite acceptable vehicles.

The Soviet media have given prominence to such bodies as the Palestine Liberation Organization, the South-West Africa People's Organization (Swapo), the revolutionary movement in Ethiopia headed by Lieutenant-Colonel Mengistu Haile Mariam, the Frelimo movement in Mozambique, the Sandinista movement in Nicaragua and other such groups.

Their leaders are being received here with honours previously reserved for heads of fully-fledged Communist parties. The Soviet party fully identifies itself with the aims and ideology of these movements, and has already begun to set up regular inter-party links with them, thus strengthening Russian influence and support in large parts of the Third World.

The importance of these movements at the coming congress also explains the fury with which the Russians reacted to President Reagan's charges that they were terrorist organizations relying on Soviet arms.

The Soviet Communist Party is an ideological party, and its congresses deal largely with ideology. Observers will be watching closely over the next 10 days to see how the Russians counterattack the challenges which their ideology is now facing.



School friends of Jeffrey Mathis, the sixteenth victim of the Atlanta child-killer, carry his coffin to the graveside.

## Washington acts as child-killer toll reaches 20

Atlanta, Feb 22.—The White House has set up a Federal task force to help find the killer of black children in Atlanta, Georgia.

Vice-President George Bush, who made the announcement in Washington yesterday, said that President Reagan had been informed that the number of children dead or missing had grown to 20 with the addition of two more names on Friday.

"The President expressed his deep concern about the continuing wave of death and disappearance," a press secretary said in Santa Barbara, California, where Mr Reagan was spending the weekend. "He reiterated his desire that the Administration be as helpful as possible."

Meanwhile, police, FBI agents and volunteers aided by tracking dogs fanned out in two

wide-ranging searches yesterday looking for clues in the case. One group searched near a public housing project where Curtis Walker, aged 13, disappeared two days ago. Of the 20 victims, the bodies of only 18 have been found. Each group of searches carried a list and a description of the articles of clothing last worn by Curtis Walker and the other missing child, Darron Glass, aged 10.

While the searchers were under way, funeral services were held for Jeffrey Mathis, aged 10, who vanished last March. The boy's remains were found on February 13 in south-west Atlanta. All of the victims have been black children between the ages of seven and 15. Most have come from broken homes in poor sections of the city—UPI.

## Bloodless end to takeover of Havana embassy

Havana, Feb 22.—Security forces using tear gas entered the Cuban Embassy here yesterday and arrested the 29 Cubans who had seized the building eight days previously.

A Government statement said that no-one was injured and the takeover ended without a shot being fired. The Cuban, demanding political asylum and safe conduct out of the country, took hostage the Ecuador Ambassador, two diplomats and a Cuban secretary.

They released one diplomat two days later. Two days ago they freed the remaining hostages. The Government statement said the arrest of the group "confirms that Cuba will not give in to blackmail"—Reuters and UPI.

## Papal attack on 'Filipino slavery' caused by low pay on farms

Legaspi, Feb 22.—The Pope, in a harsh but indirect attack on the Marcos regime, called yesterday for higher pay for Filipino farm workers, saying their low incomes meant virtual slavery.

He was speaking to farmers and their workers before celebrating Mass in the city of Legaspi when he arrived on the fifth day of his six-day tour of the Philippines.

He has repeatedly appealed for better conditions for the poor during his tour and yesterday said strong efforts should be made to provide full employment and social security for rural workers.

The Pope told the workers: "You are not employed by so-called justice. For to be so poorly paid that you can hardly support yourselves and your families, that you become slaves rather than free and responsible workers—this, too, is not just."

The national minimum wage is just under £1 a day and earlier in the sugar cane producing areas of the south the Pope made a similar call for wages to be increased—Reuters.

Refugees tragedy: At the end of his triumphal tour of the Philippines the Pope described the plight of the Indo-Chinese refugees in Asia as the world's greatest human tragedy. (Peter Hazelhurst writes from Manila).

After pushing his way through thousands of Vietnamese, Laotian and Kampuchean refugees in a camp near the town of Morong in Bataan province yesterday, the Pope said: "This is the greatest of all human tragedies."

Order broke down for the first time during his visit when his bodyguards and his chief security officer were forced to fight off a crowd of cheering refugees who threatened to mob the pontiff and Mrs Imelda Marcos, the president's wife, who has escorted the papal party throughout an exhaustive tour.

Later he flew across Bataan province in a helicopter, to bless a 30ft high cross, put up on Mount Samat as a monument to allied troops who lost their lives during the famous death march of Bataan during the Second World War.

The Pope was nearly jostled today by an enthusiastic crowd of officials and dignitaries who flocked to Manila airport before he boarded a chartered Alitalia DC10 airliner to fly to Guam. The Pope will arrive in Japan tomorrow to begin the second part of his visit to Asia.

The Pope appeared to look nonplussed as his aides fought to clear a path through the crowd to the steps at the airport door.

In a brief farewell message, he told President Marcos and the crowd that he would carry forever memories of the vitality of the church in the Philippines. Asia's only predominantly Roman Catholic nation.

During his visit he beatified 16 Christian martyrs who were tortured and executed in Japan during the seventeenth century and expressed a desire to visit China to reunite five million

Chinese Roman Catholics with Rome.

According to reports from Peking, Bishop Michael Fu, the leader of China's official Roman Catholic Church, has spurned the Pope's call for reconciliation.

Guam greetings: The Pope, who arrived in this tiny American island in the Pacific tonight, was cheered by thousands when he spoke a few phrases in Chamorro, the local language made up of Malay, Spanish and Tagalog (Reuters reports from Guam).

Almost all of Guam's population of 150,000 and many people from the surrounding Marianas archipelago, which is predominantly Roman Catholic, turned up to welcome the Pope when he arrived from the Philippines.

He was welcomed by former Senator Mike Mansfield, now United States Ambassador to Japan, on behalf of President Reagan and by Mr Paul Calvo, Guam's governor.

In the cathedral, the Pope addressed a local priest and hailed the work of missionaries in the Marianas Islands, discovered by the Portuguese explorer Ferdinand Magellan in 1521 and colonized by Spain until 1898 when they were ceded to the United States at the end of the Spanish-American War.

Many of the people in the welcoming crowd were American servicemen and their families from the United States air and naval bases on Guam.

## \$1m reward is offered to trace diplomat

Washington, Feb 22.—Groups in the United States and Sweden have offered a reward of \$1m (£443,000) for information that would help them to trace Raul Wallenberg, a Swedish diplomat who rescued Jews from the Nazis during the Second World War and was arrested by Soviet forces.

Moscow has said Mr Wallenberg is dead; but there have been several reports that he is a Soviet labour camp—Reuters.

## Chad overshadows summit

From Charles Harrison  
Nairobi, Feb 22

Widespread opposition to the proposed merger of Libya and Chad, and proposals for an African peace-keeping force to supervise elections in Chad, are expected to dominate the meeting of the Organisation of African Unity's ministerial council which opens in Addis Ababa tomorrow.

President Siaka Stevens of Sierra Leone, this year's chairman of the OAU, recently sent Mr Abdulahi Conteh, his Foreign Minister, to Libya to

see Colonel Gaddafi. The Libyan leader showed no readiness to accept an OAU decision condemning the proposed merger and calling for the withdrawal of Libyan troops from Chad.

Both Chad and Libya are members of the OAU, but neither is expected to accept its proposals, and this could lead to a serious clash.

The ministers meeting in Addis Ababa can be expected to press again for implementation of the United Nations plan for a ceasefire in Namibia and for elections supervised by the United Nations.

## Secretarial and Non-secretarial Appointments also on page 18

LA CREME DE LA CREME

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## Piranhas vital to Amazon ecology

By Tony Samstag

A remarkable interdependence of fish and plant species, including vegetarian piranha fish, has been discovered in the floodplain of the Amazon basin. The findings, the result of a two-year survey by Brazilian scientists, have important implications for the region, a 40,000-square-mile area between Manaus and Belém that is flooded between June and November each year. They will also apply to the whole of the Amazon river system.

In a report last month, Dr Michael Goulding of the Instituto Nacional de Pesquisas da Amazonia (INPA) wrote of "at least 100 fish species that are adapted to go into the flooded forests during the annual inundations and feed heavily on plant and animal material derived from the floodplain tree communities". Among those species are the

tanbaqui, described by Dr Goulding as "the single most important commercial species in the western Amazon"; its near relative the pacu, a vegetarian piranha also highly valued as a food source, and a number of important catfish species.

Many of the fish studied by INPA have developed molars to enable them to eat seeds, nuts and fruits; in some, the stomachs have become unusually bloated for storing nibbles during the relatively lean months when the rivers are not in flood. Many of the seeds, of course, are excreted—and so dispersed—by the fish.

Dr Goulding described his observations on some types of rubber trees with "pods that explode in the hot sun and shoot the seeds out. In rapid succession you'd hear a 'pop' when they exploded, then a 'plop' when a seed hit the

water and finally a 'gulp' as the fish swallowed the seed."

The phenomenon of vegetarian fish, even piranhas, is not unknown: the carnivorous piranhas, in fact, are thought to have evolved from the plant-eaters. What is startling about the INPA study is the degree of interdependence it has found among so many species. Scientists are therefore concerned to identify areas which could be turned into reserves to protect the fish/forest cycle before it is permanently broken by the deforestation now proceeding apace in the floodplain.

Of the city of Manaus, for example, depends on fish for most of its protein requirements, the consequences of breaking that cycle would obviously be severe. Dr Goulding's report was made to the International Union for Conservation of Nature and Natural Resources (IUCN), sponsors of the survey with the World Wildlife Fund.

## Kampuchea relief fund £44m short

Bangkok, Feb 22.—The United Nations needs a further \$100m (£44m) for its 1981 relief programme in Kampuchea to enable the country to become self-sufficient in food by the end of the year.

Mr James Grant, executive director of the United Nations Children's Fund (Unicef), today described the biggest international aid operation since the Second World War as "a reasonably successful effort".

The disaster stage was over, Mr Grant said on his return from Kampuchea, though relief was still needed to get village life back to normal.

The international relief effort was mounted in 1979, just after the fall of the Khmer Rouge regime, which in three years had brought the Kampuchean people near to extinction.

Last year \$600m (£265m) went on Kampuchean relief, most of it supplied by Western nations, and the target for this year submitted to a meeting of the donor countries last December was scaled down to about \$200m.

So far, however, only \$97.5m of that sum has been raised, exclusive of the Japanese and Australian contributions.

Mr Grant said that a recent mission to Kampuchea by the United Nations Food and Agriculture Organization (FAO) had confirmed that the rice yield after the rainy season, which is just over, amounted to 700,000 tons.

International relief organizations suggest that the 1981 contribution from the Soviet Union and East Europe to Kampuchea should be 100,000 tons of rice. The international minimum programme for Kampuchean relief also includes 20,000 tons of fertilizers, 10,000 tons of pesticides, and between 20,000 and 25,000 tons of rice seed—Agence France-Presse.

## Prisoners of conscience



## S Africa: Oscar Mpethe

By Caroline Moorehead  
Two trade unionists, who were also widely respected black community leaders in the Western Cape, were arrested last August during unrest prompted by the boycott of the Crossroads squatter camp.

One of them, Leon Mphahle, was released after two weeks. The other, Oscar Mpethe, the 71-year-old founder member of the South African Congress of Trade Unions, and national organizer of the African Food and Canning Workers Union (AFCWU), is still in detention.

Mr Mpethe was held in solitary confinement for five months under Section 6 of the South African Terrorism Act. On December 5 the Wynberg Magistrates Court, sitting inside Pollsmoor Prison, charged him with six terrorist offences, which include assault and injury, the barricading of public streets, damaging motor vehicles, and the murder of two white men.

Seventeen other detainees—all in their twenties—have been charged with him. Some observers believe there is no evidence that he was involved in the murders and that the authorities are using them simply as a means of getting rid of a troublesome campaigner. They also fear for his health, as Mpethe is a diabetic. The trial is due to be held on March 3 at Cape Town Supreme Court.

## Sudan expels PLO envoy

Khartoum, Feb 22.—Sudan today ordered the representative of the Palestine Liberation Organization and three of his aides to leave the country within 48 hours, the Sudanese news agency reported.

It said he had criticized the Government and behaved badly in public. The agency said the decision did not imply that Khartoum was severing relations with the PLO—Agence France-Presse.

## Bomb explosion in Tehran kills two people

Tehran, Feb 22.—Two people were killed and another injured when a bomb—the second in two days—exploded here last night near an Islamic meeting hall.

Two people in a shop nearby were killed instantly and a passer-by was injured the newspaper Ettelaat said.

No one has claimed responsibility for the explosions—Agence France-Presse.

## Voters confirm Fraser dominance

From Douglas Aitken  
Melbourne, Feb 22

The Liberal Party retained its seats in three by-elections at the weekend, thus firmly maintaining the Fraser Government's public approval rating.

The most important of the three was the seat of McPherson on Queensland's Gold Coast. The by-election was caused by the death last month of Mr Eric Robinson, the former Liberal Party Minister.

It was an interesting campaign because of the bitterness between the coalition parties, the Liberals and the National Party. This had sprung mainly from the acrimony between Mr Robinson and the Queensland National Party which is led by Mr Johannes Bjelke-Petersen, the Queensland State Premier.

Because of this friction, the National Party fielded a candidate against the Liberal. The main election issue was taxation reform with the National Party strongly advocating the introduction of a flat rate of income tax by the Federal Government.

Mr Peter White, the Liberal candidate, never the less easily disposed of the National Party's Mr Glen Shiel, a former senator.

Mr White, who is in his late thirties, is a former Army officer and won the Military Cross in Vietnam. After his victory Mr White conceded that although flat tax was not a possibility, the Government should revise the present taxation system.

Prime Minister, took the opportunity to attack the Queensland National Party and Mr Bjelke-Petersen appear to have blundered badly over the McPherson by-election.

The Liberals also won in the South Australian seat of Boothby, where Senator Steele Hall, a former South Australian Premier, had an easy victory.

The three results combine to create a bleak outlook for the Labour Party, which cannot claim to have done well in any of them. Mr William Hayden, the Labour leader, chose to explain the defeat by huge spending by the Liberals.

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THE ARTS

Books

# Communications of excitement

Those who can write. Those who can't. Practise. Eng. Lit. at universities. Those who can't write the higher (or lower) journalism. Only very rare and versatile birds manage to do all three successfully. Today is the twentieth birthday of Walter Allen, who all his life has been a true novelist, a distinguished academic critic and a literary journalist. His historical literary criticism has become classic. The *English Novel* is still in print. Professors of English are always saying to him: "I read bits of your book in one of my student's essays yesterday." This has unfortunately somewhat obscured his own half-dozen true novels. His masterpiece *All in a Lifetime*, an old man's view of his past.

Mr Allen is working on his seventh fiction. What's it about? "God knows. Life, I suppose. All theories about life are wrong. Fiction is thought adventure, a piece of self-discovery. With any luck one discovers what it is about at the end." All his life striding the three stools as novelist, literary critic, and journalist, is a monument to the pleasure of reading. He says: "The main function of a critic is to encourage people to read. I've been pretty excited by many books. All I want to do is to communicate this excitement to others."

He was born and educated at

Birmingham. When he graduated in 1932 with a degree in Eng Lit from Birmingham University ("not the poshest university in the world in those days"), he decided to make his living from writing and made no attempt to do anything else. This was not so silly as it sounds, since at the height of the Depression there was nothing else for him to do anyway.

He scratched a precarious living for a few years with a local news agency, by miscellaneous journalism, and by broadcasting his own stories for the BBC in Birmingham. His first academic post was as visiting lecturer in English at the University of Iowa, and he returned regularly to the States as visiting professor to every campus of Academe from Vassar to Washington University for the next 40 years.

His first three novels had working-class Midlands settings, and are a bit clumsy, although they have powerful passages. Being intelligent, proper novels, they sold extraordinarily few copies. But he set himself up as a novelist and removed to London, where he did a bit of reviewing and read texts for Metro-Goldwyn-Mayer—"the lowest form of literary life". Nevertheless, occasionally something worth reading came along, for instance, the first Samuel Beckett.



Photograph by Peter Trueman

The war blocked his desire for his solitude to create his own fiction. So, almost by accident, he became a writer about other people's books. His works of criticism were influential and popular, not least because they convey the joy of good writing. He wrote three more novels after the war, changing his style completely from the political to what went on between his own ears, and using form to achieve his ends. He became a professional visiting professor, until he was invited to inaugurate the Chair of English at the New University of Ulster. He would still much rather be known as a novelist than as a critic or a professor.

His latest work of criticism, *The Short Story in English*, will be published by Oxford on Thursday, and could well become as influential (and as useful to students with essays to write) as his books on the novel. He defines a modern short story as a fiction that dramatizes a single incident, and in so doing it utterly transforms it. The basic anecdote is dissolved in the multitude of implications that is apparent to the reader.

Using this tendentious definition he counts Scott as the first modern short story writer, and discusses all the fancy sprinters of fiction from then on down to Updike, Silberman, Edna O'Brien, and our other

peers. He gives explanations of their idiosyncrasies and accounts of their stories. He shows how the short story has been influenced both by newspaper journalism and by French literature, particularly by Flaubert. He discovered Kipling late, and has come to the conclusion that he is the finest short story writer in the language. He wonders why some first division novelists like Graham Greene suddenly produce a single brilliant short story ("The Basement Room"). He wonders why others such as Kathleen Mansfield and A. E. Coppard excel just at the short story.

He worries about whether

the short story and the high-brow novel might disappear completely, being squeezed out by television, films, and the decline of outlets for the short story. In its most high and palmy state, *The Strand Magazine*, by no means an artist publication, carried stories by Conan Doyle, Wells, Jacobs, P. G. Wodehouse, and other masters. Walter Allen need not worry. True writing will always rule the other media, so long as there are word-children like him to create it and draw us to it by their enthusiasm.

Happy Birthday, dear word-child.

Philip Howard

## Rowan Atkinson Globe

### Ned Chaillet

Rowan Atkinson falls on his face, he means it. He is certainly not above a pratfall if he thinks it suits one of his more clumsy characters, but here are no accidental tumbles into weak material.

His first West End season as star comic might once have looked a bit risky, but his dithering public virtually ought out the seats before he opened and he is unlikely to display an undigested routine to him. Until now he has had the admirable habit of taking his risks in shoddy halls during the

Edinburgh Festival and the things that might not work at the Globe Theatre have been left behind.

It is enlightening as well as entertaining to see how Mr Atkinson has developed and refined his skills. Many of his routines have been with him for years, but even those that are not stale. Plunging into the schoolmaster's roll call once again, he lingers at just the right level to develop innuendo from the schoolboys' names before administering the verbal case to dirty minds.

His characterizations are not only more exact than they used to be, they now seem instantaneous. Some of his transformations may require a change of clothes but they are no more complete than the ones that take place on the open stage.

Mel Smith, one of his

colleagues from television's *Not the Nine O'Clock News*, can take a share of the credit for the glossier presentation. His directing permits Mr Atkinson a ceaseless flow from scene to scene, judiciously breaking the focus with moments for Richard Curtis as a straight man to Mr Atkinson's zanier creations, and with a musical interlude from Howard Goodall who sings "I Hate the French" as a respite from musically backing the entire performance.

A little worrying edge of Mr Atkinson's comedy is the way he emphasizes frailties for his laughs. He is not above letting a character make a joke calling his new son-in-law spastic and his half-witted stagehand personification steals his sympathy in part from the idea of being retarded. That is schoolboy humour and, though he usually

transcends the premise, gloriously so when he uses the idea of television sign-language for the hard-of-hearing as a springboard for broad social satire of the news, it is too easy for his talents.

Still, he is not false even in his barbed mockery of *2nd Street* romanticism when his stagehand singularly fails to save a Broadway show, is well placed firmly inside the character. They are all real characters, richly comic and recognizable, whether parading as vicars, mountebanks, vain actors or the Devil himself, and Mr Atkinson is now in a league of his own as an entertainer.

This review is reprinted from Friday's later editions

Photograph by Donald Cooper



## Mayerling Jovent Garden

### John Pervical

John Mayerling, who returned to the Covent Garden programmes on Saturday, Kenneth MacMillan does some difficult things well and some easier things less well. He achieves, for instance, what might have seemed the impossible task of applying by look and gesture alone, that Marie Larisch is uddis's ex-mistress (it is the ex" bit that is so hard).

Yet the court ball, as well as towing a total disregard of history and protocol (two qualities you might expect at the oval Opera House) is mostly sheer boring, and the scene with the whorles is just plain ludicrous. If you put into words, in a play, the equivalent of that episode, people would all about laughing. As it is, it is all, and therefore high art, people sit respectfully.

If you think ballets ought to last for three acts, and look as nearly as possible to silent operas, Mayerling is the best parts of MacMillan's invention would have looked better still if, instead of being padded out with stolid artifice, they had formed part of a long phantasmagoria none act.

One thing that puzzles me is why the score, arranged by John Lanchbery from music by Jost, can sound flat in its total

effect although the individual pieces are often exciting. Perhaps it is the inevitable result of putting many short works together, but even those much the same happens almost every time people try to make a ballet score from Scarlatti's music too.

There are to be several casts. The opening one, entirely familiar, contained several splendid performances. Marie Park as a knowing Marie Larisch, Lesley Collier as an innocent-looking but corrupt Mary Veressa, Genesee Rodas as a nervously glamorous Princess Louise and Wendy Ellis as her ratty sister Stephanie are a thoroughly convincing quartet of women surrounding David Wall's powerful, subtle, disturbing portrait of Rudolf.

As Rudolf is allowed to age during the action, I wonder why most of the other characters remain the same throughout? Monica Mason does manage to show some change in the Empress, but the role is unconvincingly drawn.

## Contemporary dance company from France

Le Théâtre du Silence, a contemporary dance company from La Rochelle in France, will make its British debut at Sadler's Wells in May, presenting works by Merce Cunningham and Lila Lubovitch as well as by the founders of the group, Brigitte Lefèvre and Jacques Garnier.

## Arena BBC 2

### Michael Ratcliffe

It is hard to imagine anyone being fired by *Arena*'s dull little film about the life and work of Edward Hopper (1882-1967) to rush off and see the marvellous and moving exhibition of his paintings at the Hayward Gallery (until March 29). So the first thing I should say is: do. The paintings do not reproduce well at all, but Alan Yentob (producer) and Carol Bell (director) offered the kind of old-fashioned bloodlet that begins to look distinctly undernourished. After the pictorial and intellectual density of *One Hundred Great Paintings*, and the enthusiasm and energy of *The Shock of the New*, it came out like a committee job.

There was no presenter, only a voice, and no critical value. The pictures were presented as if they were all of equal value, which they are not. Paris and, naturally, New York were featured, but not Cape Cod, where Hopper spent most summers after 1930, and actually built a house, his only house, in 1934. Nobody challenged the "realist" tag which sits awkwardly round Hopper's neck as around that of L. S. Lowry, and nobody sought to square

the opinion of the younger contributors to the programme that Hopper's New York surrounded them still with that of the older ones that it had gone for good. There was some talk about an elaborate (and secondary) drama of the spectator chasing the artist chasing his subject, but little about the immediate and direct impact of his best work: the encroaching wood at the edge of the garden, or over the neat asphalt highway; the mysterious and abstracted figures; the space which Hopper clears to allow an almost psychic tension and silence to flood in.

More light was thrown on his marriage than on his work. Edward and Josephine Hopper appeared as two funny old birds in a television interview of 1961, she chattering away about the ingratitude of men, he looking like a crust between Henry Miller and Robert Frost, declining to say very much except that there was not really very much to say. "Their marriage, it was like a holocaust," said Barbara Nowak (but I do not think she meant that). She felt so strongly about her own work that she didn't want to feed him. They are out of context. Jo Hopper died a year after her husband, and left their artistic estate to the Whitney Museum in New York. Much of the best, but not all of it—see Gail Levin's *Edward Hopper: The Art and the Artist* (Norton, £8.50)—is now at the Hayward Co.

## Bach Choir/Willcocks Festival Hall

### Noël Goodwin

In the 25 years since Gerald Finzi died his relatively few works have continued to attract a discriminating ear for the best of the English vocal tradition. I think I am not alone in wishing that orchestras too might feature him more often, and some of our younger cellists take the trouble to learn his rewardingly fine concerto, but it was the subtleties of his approach to the relationship of words and music that were evident when Sir David Willcocks conducted *Intimations of Immortality* at the Bach Choir's concert on Saturday.

Whether the music matches the breadth of verbal expression in the stanzas chosen from Wordsworth, as successfully as in Finzi's smaller work, is debatable, but it includes passages as fine as any to be heard in other settings of English verse. Finzi's perception of experience as a robber of beauty, or of our sensations of it, is expressed with an eloquence of feeling in the pain of loss which communicates through simple devices of harmony and a fine-tempered line that together establish a distinctive musical imagery.

The conductor made much of the hushed opening and closing, the choral questioning of the fading "glory and the dream" the repeated "I feel it all", and the Holst-like syncopations of the Maytime dance rhythms. Philip Langridge brought a clear sense of musical purpose to the tenor solos and the London Symphony Orchestra gave responsive support to the choral texture, well-balanced except only in the smudgy part-singing that attended the vision of youth's destiny in the fifth stanza.

Finzi's *Intimations* had a counterpart in Elgar's aspirations of *The Music Makers* in the second part of the programme, to which Dame Janet Baker added her wealth of tonal splendour as she also did in the *Alto Rhapsody* of Brahms. Sir David brought a *fascinating* ear for dynamics and blend of voices to enhance the latter, and in Elgar he came close to reflecting that depth of spirit wherein, as the composer once put it, "I have shown myself".

We were made more than usually aware, for instance, of Elgar's self-quotation and their relevance to the overall musical character, as well as the ingenuity of the word-setting in the poem. If the choir had made more of their consonants, and yet coloured the words the way Elgar's music determines for them, it would have helped us to share the inward as well as the outgoing aspects of his musical imagination.

# Resourceful approach to esoteric Strauss

## Die Frau ohne Schatten

### New Theatre, Cardiff

#### William Munn

Welsh National Opera's courage and enterprise remain boundless. After their success with Richard Strauss's *Elektra* they might logically have turned to Salome or Der Rosenkavalier. Instead they have chosen the most monumental, esoteric and technically-demanding of all his operas. *Die Frau ohne Schatten*, presumably because the music is so magnificent and Hofmannsthal's drama so rich in thought-provoking ideas about the place of men and women on earth.

British audiences until now have seen it only at Covent Garden in German. WNO decided to sing it in English, and commissioned a translation from Eric Crozier, much of it immediately intelligible in performance, and communicating the flavour of Hofmannsthal's text, though they have put it on sale for those who wish to do preparatory homework, as is current WNO policy. The exemplary, fast programme book is also useful for this purpose.

Gilbert Deffo's production has been made with touring in mind too, as Hilary Finch mentioned in an article on this page last Friday. So Carlo Tomassini's stage designs are plain but intriguing, observant, and the magical, fairy-tale elements in the drama are respected. A difficult opera to cast at any time, without doubt, but WNO have cast it with outstanding success, provoking several remarkable performances, not least by the WNO orchestra under Richard Armstrong, who excelled on Saturday not only in the sumptuous climaxes but in the flügel textures of the Nurse's petty conjuring tricks.

Deffo's production, he has said, chiefly sets out to tell the story lucidly, a sensible priority since people have often complained of its obscurity. In his treatment it is a model of clarity, surely because he never allows a cluttered, picturesque stage to distract attention from the characters and action.

Barak's hovel is merely a floor-space divided into working and sleeping areas, eminently practical, giving directly on to the road to market. Of stage furniture there is none, bedding for the Dyer and his wife, but no bed, alas, no bed for the Empress's nightmare either—Deffo makes it take place during a forest walk by her and her Nurse, which is cheating badly, because the orchestral music of that scene is about sleep and dreams.

The conjuring tricks are ingeniously suggested, particularly the apparition of flying fishes for Barak's supper and the gleaming sword for disposal of his misdeed wife. The earth cannot open, at the end of the second act, nor a river surge on to the stage, but the substitute solution makes the required effect. The Empress's scene involves more attendants than Hofmannsthal specified, but they enhance the numerous solemnity of her trial.

Deffo does bring the Unborn Children on stage at the end of the opera, not only for a solicitous closing tableau but, presumably, so that the unprepared spectator will appreciate their part in the drama. I should add that the Empress's shadowlessness is achieved by lighting all her scenes from above, though an accident with the lighting panel on the first night might have broken this important spell.

The title-role in *The Woman Without a Shadow* is that of the Empress, but in performance the work is usually dominated by the Dyer's Wife who has a shadow for sale. So it is here. As the Empress, Anne Evans looks (apart from a silly hat out of *Zuleika Dozon*) and sounds appropriate ethereal, and conveys the character's spiritual metamorphosis gradually, almost imperceptibly. Yet after a while one might say that WNO chose the work as a vehicle for Pauline Tinsley's exceptional powers as a singing actress, so perfectly matched are they to Barak's shrewish, ultimately tamed and submissive wife, a study not merely in bad temper but compounded of loneliness and frustration too.

Barak the Dyer is equally suited to Norman Bailey's operatic accomplishments, and the dust in the first scene of the last act, incorporating the loveliest melody in the opera, proved a musical high-point in this performance, the two vying in glorious tone and expressive eloquence. The Empress, a stiff character even before his near-perfection (erect, not enthroned, in this production), has the advantage of Marti Kasari's heroic, robust tenor voice.

The show is almost stolen by Patricia Payne's seductively malevolent Nurse, tall, terrifying when not wheedling her charges (the lesbian characterization, mentioned last Friday, is most pronounced and illuminating, cruelly so in the latter half, as she wailed and screamed. Splendid singing was to be heard on all sides. WNO's best standards are maintained, even raised, in this *Woman Without a Shadow*, as Londoners may discover next month.

## New York Rock Rainbow

### Richard Williams

The trouble with today's swart-rockers is the too many of them think solely in terms of effect, without pausing to consider what, if anything, they are trying to say. There is a depressing unanimity in their wilfully absurd catalogues of incongruous words, and no bed for the Empress's nightmare either—Deffo makes it take place during a forest walk by her and her Nurse, which is cheating badly, because the orchestral music of that scene is about sleep and dreams.

The most entertaining were the Raybatts, a quartet whose pleasingly perverse idea is to recreate the slick guitar-based instrumental music of the Ventures and the Shadows they even performed "The Rise and Fall of Fling Flower Bunt", from the latter's repertoire. Their playing, particularly that of their authoritative lead guitarist, Jody Harris, was as idiomatic as their electric blue suits, and their leadings of the tremolo arm, they were enormous fun.

The DBs, another four-piece group, reminded me of a cross

between the Monkees and Television's neat, unspectacular power-pop lifted by the glassily articulate guitar playing of Peter Hollapale. Their best number, a taut instrumental based on the "Money" riff, would have fitted perfectly into the Raybatts' set.

Of the Bush Tetras and Poly-rick, little need be said and nothing will be heard in the future. The former, borrowing the worst elements of the Gang of Four and Public Image Ltd, brewed up the kind of thumping, ranting din which now sounds old-fashioned, while the latter, a trio of five off-duty lifeguards from a 1959 beach movie—to compensate for their well-wrought but superficial music.

The Fishbones, led by Peter Zaremba, who performs with the sulky anger of a young jagger, at least brought this long evening to a satisfyingly rowdy close. Their "hey-hey" choruses and honking sax suggested the days of the Twist and the Hully Gully; like the latter, they were certainly better value in a crowded Peppermint Lounge.

# Nickolas Grace: the theatrical all-rounder in search of elusive stardom

certain actors hover on the edge of a breakthrough into major stardom for longer than one might expect: one such is Nickolas Grace, though for him this year is already looking as if it might be the big one. On Wednesday he turns up at the Young Vic as Richard II in a new production by Robin Swicord, and within a matter of weeks he will be turning up at the major television serialisation of *Brideshead Revisited*. Evelyn Waugh's fictional malism of Harold Acton and friends, and the character of Anthony Blanche.

Now 32, Grace is probably best known for his table-jumping Dromio in Trevor Nunn's celebrated RSC musical comedy of 1977, though his career goes back a long way further than that. The son of a test pilot with a passion for Russian literature, hence the "k" in his christening name, Grace was brought up amid some elegance in a house where father then worked for the family firm and he went to the King's school, then already housing Ronald Pickup. When however he was 14 his father elected to abandon the life of a successful businessman for that of a teacher in London's East End, hereby causing an abrupt shift inward in the family economic fortunes. Grace was hauled out of King's, Chester, and the cathedral precincts and sent to a school in the East End where there would not let him

act in the annual Shakespeare play because he was a day boy and not a boarder. Undeterred, Grace at 15, formed a rival school drama society for the day boys, principally of course himself.

"I was an intense admirer of Michael Redgrave, who seemed to me to have all the vocal qualities that made Gielgud great and to combine them, so I wrote and asked if I could name the drama society after him. He agreed, so I pushed my luck still further and wrote to Vanessa asking if she'd be our first president. To my amazement, back came a 10-page letter saying that she'd attend our first meeting. We had about ten members at three shillings a time, but I put a note on the school board announcing Vanessa's arrival and by lunchtime we had 500 members and the headmaster said we could hold the meeting in the big hall and from then on we were an official drama society. It's amazing what a little stardom can do."

"But I owe a great deal to Vanessa: she was the one who told me if I wanted to act the only place to go was the Central School; everyone else told me I had to have a university degree to 'fall back on', but as I only managed two A levels that was out of the question, so then in a kind of panic I auditioned for the last available place at the Central. There were 30 of us trying for it, and

among those who didn't get it was Helmut Berger, who became a film star. So I wonder if maybe I should have failed too."

But he did not fail: instead, he joined that Central generation of Robin Nedwell, Carolyn Seymour and Lynne Bellamy, who is now his Queen in *Richard II*.

"That was a vintage time at the Central; Cicely Berry was teaching voice, Liz Pisk was in charge of movement and the learning was very intense. From there I got straight into rep at Frinton, eight plays in eight weeks, all the modern standards from *Ustrutov* to *Spring and Port Wine*. Then Manchester, where we did the *Manicured Erb*, which came to London only nobody except Hobson liked it and we were off in a month, so that was my last rep job, but not all. Then I did bits in *Z Cars*, and got the juvenile lead in *Yard of Sun* at Nottingham which again might have been the breakthrough as it was a new play by Christopher Fry, and it too died a rather rapid death.

"Meanwhile, I thought I'd better try my hand at directing, so I did a *Yeats* production for the British Drama League which we took to a Berlin festival—only it required a lot of smoke on stage and by about the interval the whole audience left the theatre clutching at their throats and choking a lot. I



think I must have overdone the smoke, because next morning the local papers all headlined 'English Director Takes Revenge on Germans'

"But it was acting I really wanted to do anyway, ever since I'd seen first of all *All Read at the Liverpool Empire* and then that Radgrave Stratford *Hamlet*. I knew it was the life for me. I got into the RSC in '72, I think because Trevor had seen me in rep at Bristol and in the McKellen *Hamlet*, and after *The Lower Depths* and *Murder in the Cathedral* at the Aldwych I was Aumer in the Ian Richardson/Richard Pasco mirror-image *Richard II* at Stratford."

So with the memory of that, and the knowledge that Alan Howard is currently a much-acclaimed Stratford *Richard II*, how nervous is Grace? "Very. Mind you, I think I am closer than Alan to Richard's right age at the time of the play, and we're going in

on a very different angle. The Young Vic *Richard* is set in 1917, at a time of great European political turmoil, and there are none of those epic stylized arias. This is a production about the two bodies of the king, divine and fallible, and we're doing it as a chamber drama because a lot of those plotting scenes must have taken place in antechambers around the palace. It seems to us that this is a play about how society can unbalance a seat of power, and it doesn't much matter whether on that seat of power is Richard or Nixon or the Shah. People are interested now in the chemistry of radical politics, and having done Edgar in the Young Vic last autumn with Philip Locke, I think I've begun to get the feel of the very young audiences who come here and what they expect."

A bachelor, though by no means confirmed as such, Grace lives alone on Primrose Hill and spends his life working. While the *Richard* rehearsals were starting he was still playing Falkland in the Greenwich Christmas revival of *The Rivals*; before that he was Puck at Bristol, Rossetti in the BBC *2 Love School* and the fly-eating Renfield in the short-lived Terence Stamp *Dracula*.

draw and we had a horrendous fight when people arrived late and Terry got more and more mystical. But I'm not complaining; they let me open the Derby Playhouse with my *Hamlet*, which always means three months out of work because nobody knows what to offer you after you've done it, and I've always been very keen not to get labelled as a certain kind of actor which is maybe why I've avoided too many television series."

One of Grace's main claims to fame may well prove to be that it was he who first introduced Gillian Lynne to Trevor Nunn when the RSC was looking for a resident choreographer; the result of course has been not only the musical *Comedy of Errors* but also the epic musical walkdown at the end of *Once in a Lifetime* and indeed the start of the whole RSC musical tradition of the late 1970s. He was also the Master of Ceremonies when Bristol recently revived *Cabaret*, so it has not been an exactly uneventful career to date.

"I've just about managed to teach myself that real life matters more than acting, but I think I prefer the acting. I've just started tap-dancing lessons and I have an Arts Council bursary for singing lessons because I think, if you are going to spend your life in the theatre, then you may as well be able to do everything. You never know what's next."

Sheridan Morley

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# The oil that has not helped to calm the Falklands

Once again Britain has fumbled and bungled into another sea of trouble as a new round of talks with Argentina over the disputed sovereignty of the Falkland Islands in the Southern Atlantic begins in New York today. Following the somewhat unfortunate and ill-prepared visit to the islands before Christmas by Mr Nicholas Ridley, Minister of State responsible for Latin America, the rapidly dwindling population of 1,700 is now bitterly divided over its future, if indeed there is one.

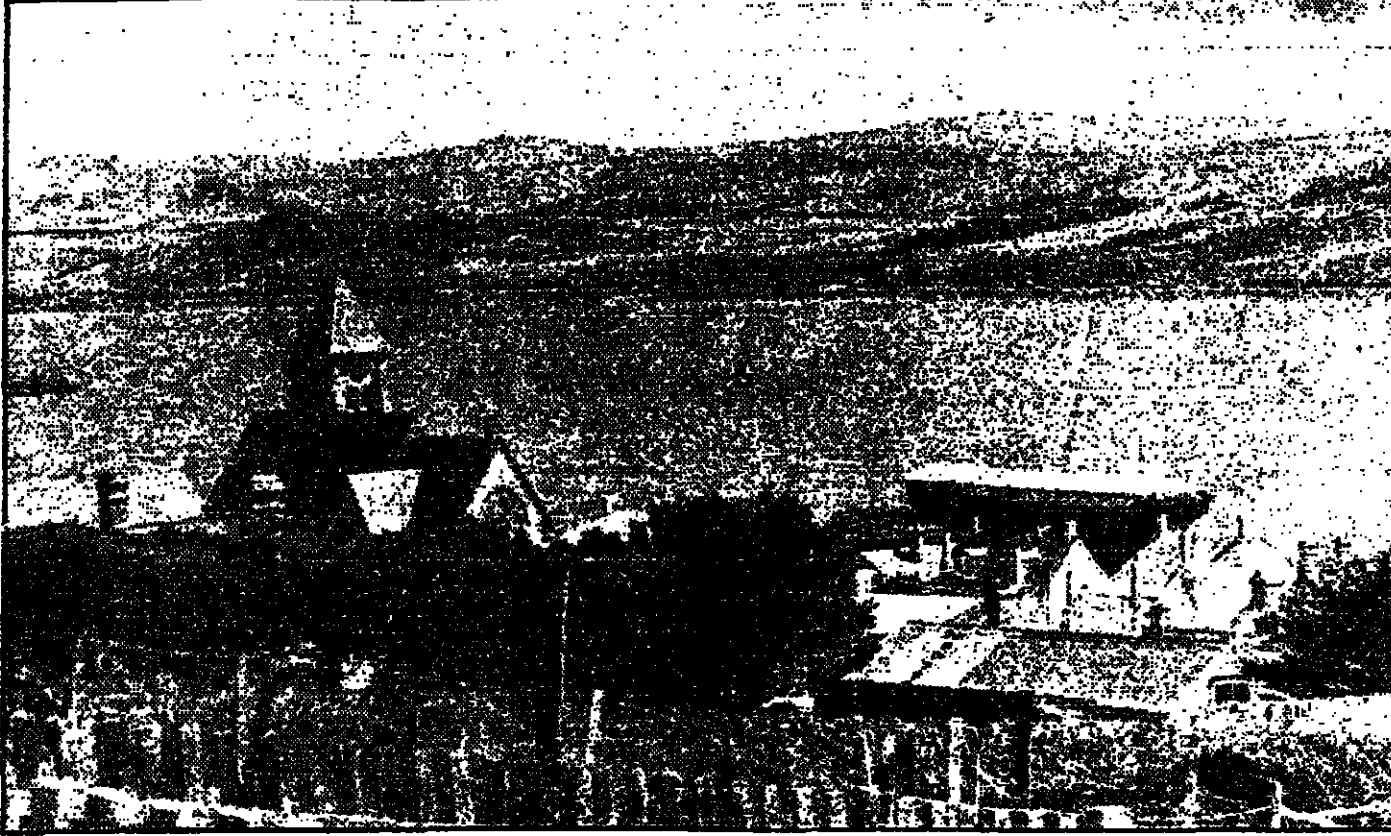
In what appears to have been a fairly desperate last attempt to arrive at a talking point for a possible solution with Argentina over this seemingly intractable problem before the present regime in Argentina changes next month Mr Ridley made a surprise suggestion to the islanders of two basic options: a transfer of full sovereignty to Argentina with an immediate leaseback agreement; and a "freeze" of all current discussions with Argentina to maintain the status quo.

Last month the Falkland Islands Legislative Council voted for a "freeze"—a decision which has aroused a very emotional division among the inhabitants who are scattered among 32 farmsteads around the coast. The many islands in the group, Mr Ridley held out the promise of benefits to the economy from oil and fishing concessions

which might develop if the leaseback proposal was acceptable to the islanders—and to Argentina which has claimed the islands as her own for more than a century, but the islanders, many of whom suspect pressure from Argentina, have not on the whole been tempted by the uncertainty of the current economy which is based almost solely on farming 600,000 sheep.

However, two events since Mr Ridley's visit have exacerbated the situation. Firstly there has been a move to halt the population flow by transferring four families from another isolated British colony in the South Atlantic, St Helena—and hundreds of applications from would-be immigrants have been received as the result of publicity by the lobbyist Falkland Islands Development Office in London.

Secondly, the more important fact that last week Argentina announced its biggest offshore oil strike near the Patagonian coast. The find has been made by the Shell consortium's Inter-ocean II platform. The well, which has now been capped while further exploration continues, has a flow rate of around 2,000 barrels a day. Oil companies have described this part of the ocean between Tierra del Fuego and the Falkland Islands as a "red hot" prospect.



Port Stanley: tranquility which belies bitter argument.

Although this first major strike is a long way from the islands it is adjacent to the largest concessionary licensing block, Magallanes Este, which comes to within 96 miles of the Falklands. International tenders for this block have to be in within the next eight weeks. Under the risk contract proposed for this block some \$41m will be spent on seven years preliminary exploration. Shell, which is operating one of the growing number of platforms in the area is reported to have said in Buenos Aires that it will now continue its exploration programme in an easterly direction—towards the Falklands.

The problem facing Mr Ridley is that the Magallanes Este block straddles what Britain regards as the "putative"

median line between Argentina and the islands. However, technically speaking, the islands only have a three-mile territorial limit and Argentina does not recognize any 200-mile economic zone around the islands because she claims the waters are in her sovereignty anyway. In spite of this, the British Government has issued a warning to anyone taking up the concession that if drilling takes place on the Falklands side of the "putative" median line protests will be made and action taken.

With the Argentine economy only just facing crippling problems and with the advent of imminent political change as President Videla steps down she is desperate to increase revenue from oil activity as

much as possible. The country is already 95 per cent self-sufficient. Privately Argentine officials have also been angered by the immigration moves which some regard as a disturbance of the status quo when plans for the development of joint economic cooperation between Britain, Argentina, and the Falklands were on the table.

Argentina has also been angered by Britain's attitude to the issues in the recent past that an order for naval vessels worth more than £200m was placed in Continental yards rather than with the British shipbuilding industry which desperately needed the orders.

At the talks today Mr Ridley will be playing for time as big business pressures from Argentina are building up behind the

political scene. "We shall be stalling, just stalling for time," commented the Minister shortly before leaving. Hopefully, if he can stall long enough the islanders may come around to allowing the British government to negotiate some kind of future settlement which would be acceptable to all concerned.

As it is the islanders seem only to want to quarrel among themselves, they feel hurt (with some justification at the methods of Mr Ridley's elite suggestions, and go on listlessly counting their sheep as the future passes them by. Britain loses a possible share in the oil and who knows what else, Argentina may begin sabre rattling, and the confused islanders, if any are left, get nothing.

Michael Frenchman

Eric Heffer

## Can we hear murmurings of disenchantment?

The media's recent concentration on the problems of the Labour Party have, to a large extent, masked the present internal tensions in the Conservative Party.

The truth is that the Tory Party, while not in crisis in a deep crisis, is in a deep crisis. Recent speeches by Francis Pym, Lord Thorneycroft and Sir Angus Maude, together with the fact that Sir Geoffrey Howe is inviting groups of Tory MPs to see him at No 11 Downing Street, underline this.

The heart of their problem is the main plank of Mrs Thatcher's policy, which is to control and bring down inflation. This, however, is not being achieved as quickly as Tory MPs had hoped and they are worried that government efforts to control inflation are leading to even higher levels of unemployment. They were also very anxious about the recent proposed pit closures and the mining union's response to them. The subsequent climb-down has increased their concern. In fact the whole scenario is giving them the jitters.

The statement by Mrs Thatcher at the Young Conservatives conference that "the most enduring way against unemployment will be the elimination of inflation" and "we must not abandon the long term strategic approach we believe in" is being increasingly challenged.

Allowing for some measure of disappointment at his treatment by the Prime Minister, Norman St John Stevas' remarks on ITN's recent *News at One* programme, referring to his Bow Group lecture last October, should not be over-estimated. His remarks are similar to that of Sir Ian Gilmour's, is that the Thatcherite views are not truly Conservative. He argues that monetarism, "issued from a political, social and moral context is positively misleading and dangerous as an indication of party attitudes" and that "the danger facing the Government of being branded as a monetarist is a real one." He obviously pitching for the middle ground.

At this point it is worth noting that the Council for Social Democracy, is claiming that much of its support is coming from disenchanting Tory voters who are not from the traditional Labour supporters. This danger, which is real enough, is not being lost on Mrs Thatcher.

She is undoubtedly under pressure from both the left and right wings of her party and Sir Angus Maude's statement last Wednesday, "I hope the Conservative Party is not beginning to lose its nerve. If it is then the prospects for Britain, particularly for industry and commerce, are bleak." He indicated the right-wing strength of feeling. He also attacked those people who he said talked about the need to occupy the middle ground.

In such circumstances, Francis Pym's speech should not be underestimated. It is either an attempt to brush up the Government's image, which is the official Tory explanation, or it is the beginning of a serious move towards Mrs Thatcher's removal. It was less than a year ago that one political commentator described it, than the forceful murmurings of disenchantment which can increase in volume as time goes on. But whatever the truth of the situation, the Tory Party is increasingly in a fix.

Despite the Government's climb-down over pit closures, a U-turn is not "officially" taking place. Yet Sir Keith Joseph and his friends are continually being forced to change direction. Regularly, one of his lieutenants appears in the House of Commons to announce further government action to prevent yet another crisis. Looking at Sir Keith in the Chamber one can see the strain. It is clear that he hasn't got his friends he needs had. The policies he advocated and tried to

put into effect are not working and it is no wonder that he is miserable, with his heart telling him to do one thing and his head, because of harsh reality, telling him to do the opposite.

The first public and official recognition, however, that a change of direction has really taken place and that Francis Pym and his friends' efforts have been successful, will be when Sir Keith Joseph is removed from his position at the Department of Industry, and that event may not be too far off. Despite his personal feelings and great debt to him, Sir Keith could well be Mrs Thatcher's sacrificial lamb to save herself and her party at the next election.

Sir Keith Joseph could well be Mrs Thatcher's sacrificial lamb



There are many signs which indicate to experienced observers that things are going bad for governments. For example, during the period of a Labour government, Prime Ministers would suddenly appear in the tea-room to chat with backbenchers as if it were a daily occurrence. Ministers' ITNs would be seen talking to as many people as they could find to listen. So Sir Geoffrey Howe's invitations to Tory MPs to No 11 Downing Street is but one version of the old theme, to calm the troops, keep them loyal and try to get over the immediate crisis.

It is clear that Tory backbenchers are dividing into three basic groupings. The "Wets" who go along with Sir John Stevas and Geoffrey Rippon, the "Strong Men", such as Sir Angus Maude, who believe the Government are being too soft on the unions and the multinational industries, etc., and the rest who keep their heads down in the hope that things will blow over.

One thing is certain. When the budget is announced, these divisions will become more marked and in the long run it could be of much greater significance. When the present arrangements in the Labour Party, the formation of a new Social Democratic party or even an alliance between it and the Liberals, such divisions could bring down Mrs Thatcher's Government, or possibly both.

The author is Labour MP for Liverpool, Walton.

The West Bank—5: Christopher Walker concludes his series on the Middle East

## How the Jordanian option might just work

The inauguration of President Reagan and the refreshing prospect of an imminent change of government in Israel have combined to provide a new vogue word for all those involved in the Middle East crisis. The delightful vague phrase "Jordanian option" now trips readily off the tongues of diplomats and statesmen, many of whom have only the remotest idea of conditions on the ground in the occupied West Bank where the theory will have to be put into practice.

Far removed from the diplomatic niceties of the negotiating table, the rumble of earth-moving machines and the appearance of hastily erected new Jewish settlements on the outskirts of Jericho have their own relevance to the process. They are just a part of the controversial drive being conducted in the dying days of Mr Begin's government to try to ensure that territorial compromise with King Hussein never becomes a feasible possibility.

The welcome in the international community for a fresh way to try to end the present dangerous stalemate in the region is understandable. But there are disturbing signs that some of its most influential backers, like Dr Henry Kissinger, have done little to investigate the realities which exist in the chunk of occupied territory officially referred to by Israel as "Judea and Samaria".

The same cannot be said of the Israeli Labour Party, which is confidently expected to return to power on July 1. In recent months, an

illuminating series of private policy seminars have been staged in which leading members have agonized over the dilemmas which will face any administration attempting to negotiate a compromise with Jordan.

"The main fact to emerge was a realization of the drastic changes which have taken place in the West Bank since Labour last held office in 1977," explained one reserve Israeli paratrooper who attended. It was clear that Israel's links with the area are now much stronger, and that the old slogans will have to be adapted to new circumstances.

A major point of discussion was the uncomfortable recognition that the Jordanian option is not merely a bilateral matter. There are other parties to be dealt with, namely thousands of ultra-nationalist Jewish settlers and hundreds of thousands of local Palestinians.

A recent article in the magazine *Point*, published by Jewish settlers in the West Bank and the Gaza Strip, pinpointed the problem which will face a Labour Cabinet trying to carry out the central plank of its Middle East policy.

"The Jordanian option does not have to be explained to settlers in the West Bank and the Gaza Strip," the magazine declared bluntly. "Our settlements will fight against it."

Many members of Labour's hierarchy believe that in the long run certain of the settlements will have to be removed by force. But with a bit-

ter election campaign looming, none of them has so far been prepared to speak out on this key point or make the pledges. Privately, there are many Labour Party doves who believe that the issue will be the most explosive and elusive to face Israel in the coming four years.

Another factor to be considered is the attitude of the 320,000 Palestinians in the West Bank and East Jerusalem, whose mood is far from optimistic. The new mood is far from optimistic. The new mood is far from optimistic. The new mood is far from optimistic.

The main effect of the occupation has been to radicalize the previously conservative West Bank Arabs and to increase their desire for a distinct Palestinian state rather than any return to Jordanian sovereignty. Symbolic of the new mood is Bassam Shakab, the elected Palestinian mayor of Nablus who lost both legs last summer in a car bomb thought to have been planted by Jewish extremists. "The Jordanian option is a plot which both we and Amman reject," he declared. "The cause of it, he warned, the West Bank would have more to fear from a new Israeli Labour government than from the ruling Likud coalition."

Although gestures of solidarity with the PLO and the distinctive Palestinian flag have been outlawed

by the Israelis, the support for the organization is unmistakable at every level of West Bank society. What is unclear is how this upsurge of nationalistic feeling will be channelled as a result of the recent rapprochement between the PLO and Jordan.

There have been hints that a new Labour government would attempt to ameliorate the military regime in the West Bank, thus hoping to encourage a more moderate local Arab leadership. But the deputy defence minister, Mr Mordechai Zippori, recently produced figures designed to prove that Labour's rule in the West Bank had been harsher. He told the Knesset that in a decade of Labour Government, 224 Arab houses had been blown up or sealed, compared with 34 since 1977 and added that since 1977, 384 Arabs had been deported compared with four by the coalition.

A topic wistfully raised by Labour's policy makers is the relative ease with which the "Jordanian option" could be pursued if there were a change of regime in Amman. If Jordan (over 70 per cent of whose population is already Palestinian) became a fully fledged Palestinian state, "in those circumstances, we would be talking about the denationalization of a province. We would also be discussing a commitment on only about five per cent of the state's total land mass", explained one participant at the seminars.

But Labour pragmatists recognize

that King Hussein and the Hashemite throne are in a stronger position now than they were in 1977, backed by a loyal and well-trained army and fortified by the recent alliance with Iraq. What is less clear to outside observers is whether the Labour leaders recognize how little credence can be put on the chance of negotiations with King Hussein which do not cover East Jerusalem, the former Arab sector annexed in 1967.

The Labour Party, like the present Government, flatly refuses to consider the possibility of East Jerusalem and its 100,000 Arab inhabitants being involved in the negotiations. The stubborn refusal to contemplate any change in the disputed status of the city undoubtedly represents the consensus of Israeli opinion, but it also increases the already formidable obstacles facing the Jordanian option.

With heavily armed Jewish settlers threatening resistance to evacuation, militant Palestinian residents insisting on an independent Palestinian entity, the Arab rejectionist states watching hawk-like for softening in Jordan's position, it is clear that there can be no easy solution to the grave problems posed by the occupied West Bank. At the least, it will require unprecedented American pressure on Israel combined with a change of heart by both the PLO and King Hussein if the latest fashionable theory for achieving Middle East peace is to make any progress.

remarked the pilot. And G. Frankau, 1937, as that slang which so enriches the Mayfair parlance designates its witches."

Only in 1943 does wizard appear in the classic *RAP* 1943: WIZARD. Really good, first-rate, tip-top.

Bob Burchfield, chief editor of the *Oxford* dictionaries, agrees that wizard needs a lot of tidying up. He suspects that it was quite widely used (and abused) in the early years of the 1930s. "I cannot recall using it myself in 1933, but then I was only ten at the time." He was also in Wanganui. Anybody who does remember could save the puzzling question that is not beyond all conjecture, and write his or her name in the reference books, before we all fall silent.

## The wizard of was

New words and new meanings: an occasional series by Philip Howard.

The slang word of approval today is "magic". "Chelsea are Magic," they flash on the electronic score-board at Stamford Bridge when the score justifies crowing. Magic has replaced "wiz" which the young men of the WRAP made their all-purpose password of commendation during the last war. I do not think that anybody still says "wiz" today, unless his slang has remained frozen in the fashion of the mess or the prep school dormitory of 40 years ago.

There is an agreeable mystery about the emergence of the RAFED "wizards" and wizard means as terms of approval. It would be nice to solve it while those who remember are still alive. But it is extraordinarily difficult to trace a new usage in a reliable source, except in technical language. Partridge, whom the wise man turns to first in such questions, recorded "a perfectly wizard word" printed in 1933. He suggested correctly that it became immensely popular in the RAF between 1939 and 1945, and thence came into general civilian slang. After 1952, however, it was little used, except by school children and—such things reach them after they've reached everyone else—by the lower middle class.

So far so good, or wizard. We can agree that wizard meaning great, as in, spiffing, far out, or what have you can be shown

to antedate the war. Can we trace the origin exactly? Professor Angus McIntosh of the Middle English Dialect Project, Edinburgh University, has a contribution. As an undergraduate at Oriel, 1931-4, he can testify that by some time in 1932 at the latest the word was (in the above sense) part of the jargon of the junior common room of that college.

Happily there still survive many of his contemporaries who can confirm this. The question is whether wizard was brought from some school by freshmen from some school. The other question is whether wizard, to begin with, was peculiar to the Oriel common room. Professor McIntosh thinks it was.

Around 1933, when the glamour of wizard was wearing thin in Oriel, the ravers in Oriel introduced an alternative substitute, which had its brief day, but did not spread far or last long. This was the word "king", so that Oriel undergraduates could say that somebody was a king man, or that they had had a king game, or a king meal. Wizard could be used in the superlative. Professor McIntosh can remember a friend describing his fiancée as "the wizardest thing that ever trod", which has a charming period ring. A use of wizard in the comparative would have been unacceptable, or only barely acceptable. However it was not possible to com-

pare "king" in the degrees of comparative or superlative. In such pretty puzzles of language one turns to the *Oxford* Dictionaries in St Giles', where the lexicographers are toiling among the slips and filing cabinets on the last volumes of the great *OED* Supplement. They have found an early wizard in Rose Macaulay, going abroad, 1934: "It is pretty marvellous, isn't it?" "Simply wizard," said Evelyn Waugh's *Black Mischief*. Ngai Marsh's *Suicide of Lempires*, Monica Dickens' *The Fanny*, and other well-known works. Waugh, then, righted themselves and stopped dead within a few feet of danger. "Wizard" show that,

which turned out to be insufficiently experienced. Whatever the truth, the fact that the suggestion has even been made is interesting. It indicates a lack of confidence in native skills—remarkable in a nation which has until now prided itself on its mechanical ingenuity.

The makers of the defective subway engineers are Rockwell International, better known for their work in the aerospace industry. They are having an unfortunate decade so far: it was they who made the engines for the much-maligned space shuttle program. Flaws in the engines have contributed to the three-year delay in launching the shuttle, on which so much depends in terms of national prestige. Last week fresh delays hampered the countdown to a test firing of the engines.

The inconveniences caused by things breaking down are compounded by the American propensity towards litigation. When the buses were taken out of service, repairs were not made for a few weeks until a deal was arranged about who should pay for them.

With the Roosevelt Island tram, things were worse. Work was suspended entirely while various bodies decided whom they might sue in the matter. The Americans' love for the law is based on the wholly laudable recognition of every person's

As the plane taxied towards the gate the stewardess announced over the intercom: "If this is your first visit to the New Atlanta terminal you will notice that it has been designed with passenger convenience in mind."

I waited for her to continue, to enumerate the blessings which a benign city was about to bestow upon us, but she did not. That was the whole message. I pondered its true meaning.

Was it a subtle complaint, a suggestion that although the new terminal was mighty fine for passengers, it was in some way highly inconvenient for the employees who toiled there? I saw no evidence of that.

Was she poking fun at those airports, which seem to have been designed expressly for the inconvenience of passengers? I could name some of those, but I suspect that they got that way by accident rather than design. Still puzzled, I stepped from the aircraft and followed the arrows to the terminal. They led me down a long escalator, where a disembodied voice told me that from there, the "transportation mall". I had three choices of routes to the main terminal: I could walk, or step on the moving belt, or take the train. The train? Yes, a sleek and silent computer-controlled train driven without human aid,

which glided into the platform every couple of minutes. It is a fascinating object. Its chief trick is that not only the train but the platform has sliding doors. When the train arrives, it silently aligns its own doors with those on the platform and both open simultaneously, like those of a lift. I am not sure of the point of this but it is a marvellously clever trick.

On the train, another disembodied voice—the place creeps with them said: "The vehicle is about to leave the station. Please hold on." I liked "vehicle", indicating uncertainty in categorizing the conveyance.

We were all mightily impressed, with the exception of a street-wise New York air stewardess who wandered aloud where the graffiti was.

Before we alighted, the voice, which was sounding more and more like a character from *Star Wars* smugly told us to note that the name of the next stop was announced on a lighted sign, colour-coded to conform with the colour of the station. What I did note was that one of the colour-coded lights was on a few months after the terminal opened, not working.

Ho-hum, I told myself, and hoped for Atlanta's sake that it was not about to share the

experience of my own city, New York, with new-fangled transportation. It has not been encouraging.

As I stepped out of the airport vehicle, the image that sprang into my mind was of a seminal event at the beginning of last December. That was when a curious convoy set out from Washington, headed for New York.

One-hundred-and-one buses, most of them built in the 1960s, braved icy conditions to fulfil a mission of mercy, pregnant with symbolism. They were escorted by national guardmen and a clutch of reporters, television cameras hovered overhead.

Two of the buses failed to make it. One broke down just outside Washington, another on the New Jersey turnpike. The rest rolled into a bus garage in the Bronx on the Sunday evening, to be ready for their new life.

They had been taken out of mothballs in Washington and hired to New York at \$20 a day each, to help plug the gap left by 637 brand-new vehicles removed from service last month because of structural problems. On New York's uneven, pothole-pitted streets, they had developed cracks in the undercarriage.



It was the second such embarrassment to afflict the city's public transport system last year. In a strangely similar chain of events surrounding 754 spanking new carriages for the underground railway, the subway may have had to be withdrawn from service for their undercarriages to be strengthened. Old carriages have been rescued from retirement and there have been gaps in service. Last month, a quarter of the subway trains failed to complete their journeys.

The third incident helping to convince New Yorkers that nothing new works has been the extended closure of its most modern transport system of all—the aerial tramway, or cable car, which soars between Manhattan and Roosevelt Island, a modern housing development for 6,000 inhabitants in the middle of the East River.

The four-year-old tramway closed in November for an expected three weeks to have a new cable fitted—a regular maintenance procedure, scheduled every two years or so. During the work, damage was sustained to the platform at the Manhattan end and on two occasions the new cable slipped from its holder and fell on to the street below, luckily causing no injuries. The tramway may now reopen next month but meanwhile residents who travel to Manhattan must make a long detour by bus.

One reason for the botched maintenance work was removed (very few facts have been made public) to be that it was being done by American engineers. The first time a cable needed changing, in 1978, a team of Swiss engineers, from the firm that built the tramway, was brought over.

The gossip is that this time the authorities balked at paying hotel bills for the Swiss, an decided to use local labour,

which turned out to be insufficiently experienced. Whatever the truth, the fact that the suggestion has even been made is interesting. It indicates a lack of confidence in native skills—remarkable in a nation which has until now prided itself on its mechanical ingenuity.

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right to have his or her day in court. It becomes unwieldy when it clogs the process of correcting faults.

The latest fad in litigation, according to a news magazine, is to sue your clergyman for malpractice. It gives faulty spiritual advice.

There is little pleasure in he had in watching a nation lose its confidence in its ability to make things work, though it is hard not to be struck by some of the ironies that accompany the condition. Just a week or two before the modern buses disappeared from the streets, an unusual phenomenon appeared.

For some years the city has boasted a fleet of fine bus shelters—though their number has not increased for a year or two because, as you might have guessed, a lawsuit is under way to determine who should build the next batch.

At the beginning of the winter, little display windows were attached to some of the shelters, and bus maps and timetables placed behind them.

Brishy bus travellers might not think this much of an innovation, but for years visitors to New York have had to rely on local legend and the occasionally helpful driver to tell them how they could get to where they wanted to go.

One those who have actually tried to wheedle this information from taciturn and often inexpert sources can appreciate what a boon it is to have a map, not to mention a timetable. Of late, as even as the fleet became redundant, but it was a nice gesture in the direction of humanizing the city.

I am awaiting eagerly the first report of someone suing the company because a bus failed to come at the advertised time.

Meanwhile, like everyone else, I am forced to take more and more buses. It is at least a way of feeling the pulse of the city's taxi drivers, traditionally its moulders of opinion.

It is rare nowadays to find a native American cab driver: most are Russian, Israeli or Chinese—but I was lucky enough to ride with one the other way. We discussed, naturally enough, the faulty buses, subways and tram.

"I should say," he mused, "that this country's last real technological achievement was during World War Two." He had left out the Moon shot and a few intervening triumphs, but broadly I could see what he meant.

Michael Leapman

هكذا من الأصل



From Mr Bryan P. Sampson  
Sir, In connexion with Mrs Daphne  
Slater's (February 20) concern with  
the "price" of Vivaldi, I would like  
to say that I still cherish, and play  
often, a collection of the collected  
works of Chopin, Debussy, Bach,  
Scriabin, bought for me, at great  
sacrifice, by my father 25-30 years  
ago. As with Mrs Slater, the initial  
price was for one piece or move-  
ment.  
She, and her daughter, should  
restored the £5 as an investment in  
the music which has been the  
same as well as that of the artifact itself.  
Don't forget, Mrs Slater, there are  
many sonatas in that book, and I hope  
that your daughter will have many  
years to discover and enjoy the  
music.  
Yours faithfully,  
BRYAN P. SAMPSON,  
42 Sedgley Road,  
Bournemouth.  
February 20.







# THE TIMES

## BUSINESS NEWS

The home-grown answer to oil in Brazil  
page 17

How secure are your programs?  
Page 16

**Stock markets**

FT Ind 488.4  
FT Cils 69.17

**Sterling**

\$2.3100  
Index 102.5

**Dollar**

Index 98.5  
DM2.1050

**Gold**

\$507.50

**Money**

3 mth sterling 13.12%  
3 mth Euro \$ 16.1-16.4  
6 mth Euro \$ 16.1-16.4

Friday's close

### Hongkong expects US to cut back on textiles

Hongkong's textile advisory board has said it expects that the United States will impose further cuts on imports of Hongkong textiles. Talks with the US over a visit by American minister to Hongkong are expected to be held this week with a view to reaching a settlement. The US trade ambassador, Mr. Peter Tsao, Hongkong's minister for trade, denied speculation that any American quest for further concessions would be linked to President Reagan's newly-announced policy of stimulating American economic growth by cutting imports. "The previous two years were made under the Carter Administration," he said. "A change of administration doesn't seem to change US policy."

### BI rejects plan for worker involvement

The Confederation of British Industry today came out against an EEC plan which would force thousands of British companies to introduce new arrangements for consultation with their employees. The CBI is particularly concerned by the extension of the plan to include companies with a complex structure—those which have at least one subsidiary and total of more than 100 workers, operating in one or more EEC countries as well as internationally. Some 1,700 multinational companies and thousands of national companies could be involved.

### earner engine

Perkins Diesel Engine Co of Wokingham is to launch a new engine for fork-lift trucks. The makers claim the new engine is cleaner, quieter and more economical than present models. Perkins holds 40 per cent of the world diesel-powered fork-lift truck market.

### development setback

Sharply worsening current account deficits for Asian and Pacific developing countries means that increased assistance and loans are necessary to sustain even modest rates of development, according to the latest annual survey of the Economic and Social Commission for Asia and the Pacific. Fluctuations in non-oil export earnings have caused a sharp decline in the countries' foreign reserves since 1978, and 80, to an estimated \$70,000m, 30,500m.

### erman jobless up

The figure for officially registered unemployed in West Germany this month will be out. 1,400,000, against 1,300,000 in January, according to Herr Helmut Miura, deputy chief of the federal labour office. The sharp rise was due to a long and severe winter, affirmed, and he forecast improvement in the spring.

### rench recovery

The French economy should show a modest recovery in the first half of the year, as recession is passing, according to the French employers' association. Economic growth in 81 should be enough to allow the French government to allow more sectors of industry to show more satisfactory results, said in its latest outlook.

### EC steel probe

The EEC Commission is investigating the impact on European producers of an American decision to raise minimum import prices for steel. The United States has said it will raise its trigger price for steel imports by 4.4 per cent on March 1.

## Job losses in engineering could total 180,000 by end of year

By Edward Townsend

Further contraction in output at Britain's mechanical engineering factories could result in up to 180,000 job losses in a 15-month period.

This is one of the conclusions of a report on the industry's prospects by a tripartite working party. The report, covering the period from October, 1980 to December, 1981, amounts to a depressing catalogue of falling export orders, stagnant home demand, reduced levels of investment and declining competitiveness.

Mechanical engineering is one of the largest of the country's industrial sectors with annual sales of about £15,000m. It has been hit badly by the recession, and by the third quarter of last year output per employee was down to 95 per cent of its 1975 level.

Overtime has been cut and short time working increased, but the report says that "it seems unlikely that any substantial further reduction in output per employee can be sustained".

As a result, it is expected that by the end of this year the industry will have jobs for only 80 to 90 per cent of the 815,000 workers it employed last October. This, the report says, would mean that between 80,000 and 180,000 jobs would have been lost over 15 months.

Large scale redundancies have already occurred since October, but the report's authors clearly expect more shedding of labour by big companies in the next 10 months. If their worst fears are realized, employment in engineering by the end of 1981 could have fallen by 30 per cent in three years.

The Engineering Employers' Federation, which publishes the report, says that even when the expected modest upturn in business occurs in 1982, it is unlikely that engineering companies will expand their labour forces, although the severe

shortage of skilled workers will continue.

The report also highlights the bleak employment prospects for redundant engineering workers. In all regions, the number of notified vacancies has fallen to a negligible percentage of the number of registered unemployed, with the West Midlands hardest hit. By the end of 1980, there were only 4,800 vacancies for skilled engineering tradesmen in Britain, compared with 20,800 nine months earlier.

Export orders for the industry are expected to decline again this year after 1980's drop of up to 18 per cent, reflecting the high exchange rate of sterling and depressed world trade. On the home front, demand for engineering products will remain low as a result of cuts in investment programmes by manufacturing industry and public authorities. Improvement in home orders is predicted for 1982 but will not reach pre-1980 volumes. Meanwhile, a continuing steady rise in imports is feared.

Mechanical engineering is one of the few sectors to have maintained a healthy overseas trade surplus in the first 11 months of 1980 exports exceeded imports by £2,843m. This is expected to deteriorate this year.

One of the recurrent themes in the report is the impact that exchange rates have had on British industry's competitiveness.

In addition, it is estimated that rising earnings and falling output per man resulted in an increase in unit manpower costs of at least 30 per cent last year.

The report estimates that United Kingdom manufacturing companies will reduce their purchases of investment goods by between 11 and 16 per cent this year.

*Mechanical Engineering Industry Short Term Trends, February 1981, EEF, Broadway House, Tothill Street, London.*

## OFT runs into time trouble with new law

By Derek Harris

Results of a preliminary investigation of IT Raleigh Industries the Nottingham-based cycle manufacturers, for possible anti-competitive practices are expected to be announced shortly, perhaps this week, by Mr Gordon Borrie, Director-General of Fair Trading.

The investigation, which has taken time as long to finish compared with Mr Borrie's original target, will be the first completed for a company under the new competition law introduced last August.

The Raleigh investigation, likely to prove a test case for a manufacturer refusing to supply low-price discount outlets, was announced by Mr Borrie together with a second inquiry into Peter Engineering, one of the top two British manufacturers of vehicle refrigeration equipment.

There are increasing anxieties within the OFT that the investigation of companies under the new legislation could prove far more cumbersome than the existing practice when it scrapped the Price Commission.

The new system was aimed at speed-



Mrs Oppenheim: encouraged by operations under new law.



Mr Gordon Borrie: inquiries taking too long to complete.

ing up investigation which, after a preliminary inquiry by Mr Borrie, could be followed by a fuller investigation by the Monopolies and Mergers Commission normally taking six months.

The commission can ask for a further three months to complete its own investigation which in addition to establishing whether there is an anti-competitive practice (as with Mr Borrie's brief) has also to decide whether the practice is against the public interest.

If in a complex case such as Raleigh's,

be free to sell through specialist outlets geared to safety, repairs and servicing factors.

So far Mrs Sally Oppenheim, Minister for Consumer Affairs, appears to be taking the view over company investigations under the new law that it is only when the new procedures have shaken down that a judgment on merits or otherwise can be made.

She has been encouraged by the way the commission has tackled public sector investigations under the new law referred directly to the commission by the Department of Trade.

The commission has already reported promptly and well on British Rail's south-east computer services, an investigation into the Severn Trent Water Authority is well advanced and the commission is also inquiring into efficiency and costs at the Central Electricity Generating Board.

A growing impact on Mr Borrie in the company sector is that it is proving difficult to gear up to a flow of cases. It was at first thought that up to 30 a year might be investigated. But it is beginning to look as if in the first full year Mr Borrie may be lucky to summon up even 10 investigations.

## CEGB warning on coal import ban

By Nicholas Hirst

Energy Correspondent

The Central Electricity Generating Board has given a warning that it will reduce its coal purchases from the National Coal Board by up to five million tonnes next year if it is prevented from buying imports.

Mr Glyn England, chairman of the CEGB, has made it clear that the board will have to cut its coal purchases from the NCB if imports as ending the understanding reached in 1979 to take 75 million tonnes a year from the National Coal Board providing it kept its price rises in line with inflation.

Falling demand for coal imports gives the CEGB freedom to buy coal from abroad. Mr England believes the right to import is a necessary weapon against the otherwise monopoly power of the NCB to demand what price it likes.

The CEGB has hit the NCB hard and it would reduce its own cash problem considerably if it were to reduce its take next year from the NCB to 70 million tonnes, cutting its fuel bill by more than £200m.

Such a cutback would mean that the miners had gained nothing from the government's agreement to cut imports to a minimum by offering subsidies.

Executive board members of the CEGB who met on Friday were extremely angry that they had not even been consulted by the Government despite the fact that the board is by far the coal industry's largest customer.

The CEGB does not intend to cancel its price Australia contracts for two million tonnes next year and is extremely anxious not to fall out of an increasingly competitive market.

When the Labour Government effectively stopped all imports by subsidising NCB sales it had to meet the loss the CEGB incurred on contracted sales from overseas.

Clearly the Government cannot allow the CEGB to negotiate the agreement it is to draw up with the miners and the coal board this week and some compromise with the electricity board must be found.

## Poor return for much of UK industry

By David Hewson

Levels of return on capital invested in most sectors of British industry are "abysmal" according to a survey of 10,000 companies in 150 sectors carried out by Inter Company Comparisons.

The top five sectors for return on capital employed are: electronic component distributors (48.7 per cent), insurance brokers (41.2 per cent), travel agents and tour operators (37.8 per cent) and car parts distributors (37 per cent).

The bottom five sectors are: shipowners (minus 4.1 per cent), medical equipment manufacturers (minus 1.5 per cent), largely because of EMIs' medical scanner losses, non-ferrous foundries (3.3 per cent), carpet manufacturers (6.6 per cent), and frozen food manufacturers (6.7 per cent).

However, in manufacturing, the highest return on capital employed is earned by periodical publishers (34 per cent), followed by newspaper publishers (31.1 per cent).

*Industrial Performance Analysis, 6th edition, Inter Company Comparisons, £20.*

## Way clear for British Steel aid package

By Peter Hill

The Government's aid package for the British Steel Corporation is expected to be finalized by ministers today.

Announcement of the Government's detailed response to the corporation's "survival plan" drawn up by Mr Ian MacGregor, its chairman, has been held up because of concern expressed by the Prime Minister at the scale of funds involved.

The package will involve legislation for the promised reconstruction of the BSC's balance sheet embracing a capital write-off of about £3,000m and a further increase in the BSC's external financing limit for the current financial year.

It is also expected to include provision for a further cash injection in the new financial year (likely to be less than the £750m originally sought by BSC) together with likely further cash provisions for long-term.

Last week's announcement on the formation of the first of the phoenix joint ventures between BSC and GKN has cleared the way for a statement on BSC. That could be made tomorrow in advance of Mrs Thatcher's departure for talks with President Reagan in Washington.

Amid growing concern among private steelmakers—echoed by Tory backbenchers—over further subsidies to BSC and their adverse impact on the independent sector, the Government earlier this month introduced emergency legislation to lift the BSC's borrowing ceiling by £500m to £6,000m. The new ceiling can be lifted by Sir Keith Joseph the Industry Secretary by a further £1,000m by order laid before Parliament.

That measure was required to enable the corporation to borrow in order to pay its bills in the last few weeks of the current financial year. As a result, the Government will have to revise the corporation's financial limit by a further £1,000m, £200m boosting the total for this year to more than £1,000m.

Soon after submitting the BSC's corporate plan, Mr MacGregor indicated he would need about £750m for the new financial year but was optimistic that by the end of 1982-83 he would be able to get "off the Government's back". But it seems likely that the sum for next year will be trimmed back.

Legislation for BSC's capital reconstruction is unlikely to be enacted before May or June.

## Stock relief plan comes under fire from CBI

By Ronald Pallen

The Inland Revenue, actively supported by Treasury ministers, is standing its ground against almost unprecedented opposition to a major tax change.

Since announcing its plans for reform of the stock appreciation relief scheme in a Green Paper last November, the Inland Revenue has been besieged with complaints from industry and the accountancy profession that the whole basis of the scheme is misconceived.

The latest group to show its disaffection is the Confederation of British Industry which over the weekend described the proposals as "flawed in principle".

Although the Inland Revenue says in the Green Paper that "the main fabric of the scheme is sound", it has been forced to draw up their accounts as if the new rules applied, there is still an outside chance that the Government will reveal some adjustments to the most criticised clauses in the Budget next month.

Sir Geoffrey Howe, the Chancellor of the Exchequer, is still thought to be a keen supporter of the proposal and there is no indication of Inland Revenue officials being impressed with any of the arguments put forward against the scheme. The chances of any government rethink are, therefore, slim.

The CBI's submission runs over much the same ground as the other papers to the Inland Revenue, although on the question of the likely damage to industry its tone is notably more sharply critical.

The two fundamental changes the CBI is looking for are the dropping of the credit restriction, whereby a company's stock relief is reduced by the extent to which it is financed by borrowings, and the replacement of the single index for measuring the movement in the value of stocks by a variety of indices to "give a better balance between simplicity and fairness".

The CBI also complains that the Inland Revenue is too vague about the financial implications of the new proposals. Informal estimates by the Inland Revenue indicate that companies' tax bills will be reduced by about £300m in 1981-82.

## 'Big seven' nations in pre-summit discussion

By Melvyn Westlake

An attempt to improve the battered relations between rich and poor countries, and put the so-called "North-South" dialogue on a new course, will be one of the main objectives of world leaders at an economic summit in Ottawa in the summer.

The serious plight of many of the developing countries was one of the key items discussed at a summit preparatory meeting at the United Nations in Downing Street last week, attended by representatives of the "big seven" industrial nations—the United States, Japan, Canada, West Germany, France, Britain and Italy.

Mr Pierre Trudeau, the Canadian Prime Minister, said there is no indication of Inland Revenue officials being impressed with any of the arguments put forward against the scheme. The chances of any government rethink are, therefore, slim.

The Canadian Prime Minister, the second permanent secretary for overseas finance at the Treasury, also attended.

With both United States and British Governments cutting back on foreign aid budgets, it seems clear that their approach to North-South relations is undergoing a change. The emphasis is not so much on the humanitarian aspects of aid and development, but on the strategic and military implications of the Third World's financial difficulties.

The summit is planned for July 20 and 21. The last was in Venice in June 1980.

The problems of many of the developing countries appear to have worsened, and concern has been expressed over the ability of the financial system to recycle the huge surpluses of the oil exporting countries. Relations between the rich and poor countries have become more fraught after the failure of the summit in New York last autumn and the postponement of the North-South "global negotiations", which were supposed to start in January.

Among those attending last week's preparatory meeting at Downing Street, chaired by Sir Robert Armstrong, the Cabinet Secretary, were several prominent members of President Reagan's new team. They included Mr Meyer Rashish, under secretary of state for international affairs, and Mr Horst Schulmann, state secretary at the finance ministry.

Mr Donald Regan, Treasury Secretary, complains bitterly about the quality of the economic models used in the American government. He says they are totally geared to producing short-term demand management forecasts and incapable of providing analysis on changes in the supply-side of the economy.

This complaint goes to the heart of the change in policy approach between the Reagan administration and its predecessors. Former administrations were preoccupied by quarterly trends, willing to add quickly some fiscal stimulus if economic activity was slowing and swift to call for some fiscal policy tightening if activity was too rapid.

Arguments in recent years tended to concentrate on the timing of demand management actions, on how best to fine-tune economic activity. Models used by the policy-makers were designed for this purpose.

For the new administration, considerations of influencing demand are of far less interest than ones dealing with the long-term course of stimulating supply. Boost output and employment and price stability goals will be enhanced. This is the crucial intellectual underpinning of the economic programme announced last week.

Boosting output is seen as a question of relative prices and rates of return. Increase the return on work and the desire

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Sir Robert Armstrong: chaired summit preparatory meeting.

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Boosting output is seen as a question of relative prices and rates of return. Increase the return on work and the desire

for leisure may decrease. Increase the rate of return on investments and the desire to spend money. It is upon such considerations that the Reagan administration believes it will secure major improvements in economic health.

The logic is that business investment will only be undertaken if there is a positive rate of return in prospect and the easiest way of doing this is by allowing faster plant and equipment write-offs.

President Reagan is not going to dash back into demand management policies at the first sign of a jump in unemployment, say officials. A requirement for success is a well-managed money supply policy and this, the new team believes, will be easier to achieve now that the Federal Reserve Board knows the administration will be consistent.

The Treasury will not be constantly trying to change demand levels in the economy and this will help the Fed, and officials. Even without good models in the Treasury the new Reagan administration is convinced its programme will work. There are no doubters. Critical, of course, is the willingness of Congress to approve swiftly all the new proposals.

Frank Vogl in Washington

## Integrated industrial policy urged

By Patricia Tisdall

Management Correspondent

A recommendation that there should be no special government measures to aid small businesses has been approved by the economic and industrial committee of the Association of British Chambers of Commerce (ABCC).

The recommendation is contained in a discussion paper to be circulated to members before being debated by the association's policy-making council next month.

The ABCC, regarded by many in Whitehall as the main

spokesman for smaller companies, says that the institutional changes recommended by the Confederation of British Industry and others would be of little use and could prove "costly and harmful".

The three main CBI recommendations are for a merger of government counselling services, a more powerful voice in the Department of Industry, and the establishment of a select committee with special responsibility for small businesses.

The ABCC criticizes these and similar proposals made by other organizations on the grounds that they are not an integral part of a sound industrial policy. "A public sector policy for small firms goes far beyond any reassignment of ministerial responsibilities or reorganization of public sector bodies", it says.

The paper argues that the fortunes of many small companies are inextricably linked with those of big organizations. "Small company policies must be conducted as part of a coherent industrial and trading policy. Without such support government incursions will prove both costly and harmful", the paper says.

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Application has been made to the Council of The Stock Exchange for the issued share capital of the Company to be admitted to the Official List

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## MANAGEMENT

Edited by Andrew Goodrick-Clarke

## LETTERS TO THE EDITOR

## How secure are your programs?

The most notorious computer fraud so far detected occurred in 1978. Mr Stanley Mark Rifkin, a contract programmer working at a Los Angeles bank, successfully transferred \$10.2m (£1.4m) by way of a computer system to a Swiss bank account he had opened. He was caught because he used the money to buy diamonds. A dealer became suspicious of the large quantities of gems he was being offered and informed the police.

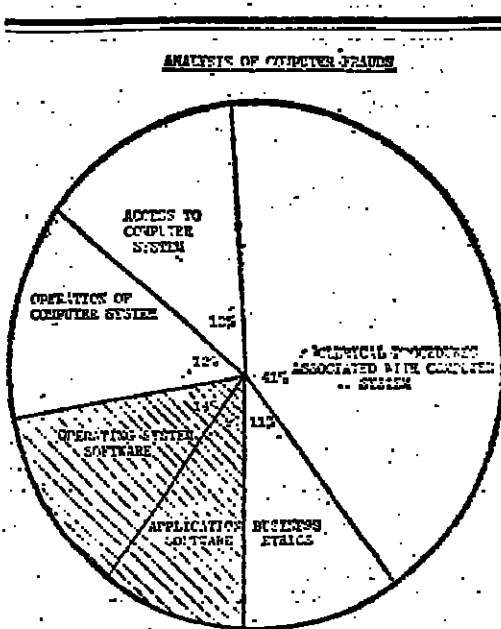
Computer auditors cover the investigation and review of computer systems. Their primary concern is to ensure that sufficient controls are built into these systems so as to prevent their unscrupulous or mistaken use. Anyone in government or industry introducing a computer system into their business probably needs the advice of a computer auditor if they want to be sure that they are not running unnecessary risks of fraud or error.

How can one be sure that computer systems are not being abused or operated in error? A computer system concentrates power. It stores large amounts of information and provides the person operating a computer terminal with the ability to set in train tasks which previously would have required a number of people to complete. Moreover, the workings of the computer are invisible. Indeed, using the modern computer terminal, which consists of a television screen and keyboard, there need never be any written record of what has been done.

These characteristics of the computer system, concentration of power and invisibility of record are ideal for someone intent on fraud. They also make accidental fraud particularly more serious and difficult to detect.

In overcoming the risk of fraud or error, the computer auditor's greatest ally is the computer itself. Once programmed it will always produce the same results in the same circumstances. The auditor can harness this characteristic to his advantage and build controls into the computer system which check its operation.

Thus, he can require that the computer is programmed to check the validity of each piece of information entered into it.



Segments indicate area of weakness which permitted fraud. The shaded area relates to frauds which involved direct interference with computer programs or files by technical staff.

Source: Risk Analysis and Control by Dr K. W. Wong published by NCC Publications.

Computer auditing is a new science, but one that is developing so fast as more companies and organizations computerize their systems that it may well overtake traditional auditing practice. Andrew Warren, partner responsible for Computer Audit Services at Deloitte Haskins & Sells, the leading international chartered accountants, begins a two-part series on the subject

To reconcile financial figures and to ensure that users of computer terminals identify themselves by a password before they are allowed to proceed. The computer auditor must be analytical about the vulnerability of a system. He must review the flow of transactions through the computer, and the associated clerical procedures, and decide where the weak points are.

More than 75 per cent of frauds are perpetrated not by highly specialised computer staff, but by clerical or managerial staff who use the computer system as part of their normal work. The diagram analyses a sample of reported computer frauds.

Fraudulent frauds which occur because of a weakness in controls around the computer system, should be easy to avoid. If management take advice from a computer auditor when their systems are being designed they should be able to introduce controls which will virtually eliminate the risk of frauds.

Expensive controls suggest that these frauds do occur frequently. Recently a payroll clerk in a large London-based

organization supplemented her salary by entering details of fictitious temporary staff into the computer and collecting their pay.

In another case, the credit controller at a leading British publisher discovered that there were no controls in the computer program to prevent him forwarding invoices. In collusion with a payments clerk as a customer, he made off with tens of thousands of pounds.

The highly technical fraud in which a computer program deliberately modifies a system to his own advantage, is potentially much more serious. Such frauds are the most difficult to detect. Certain trends such as the transfer of money through the use of computer tapes, or even by messages sent down telephone lines to a bank's computer, make the potential harm much greater and easier to get at.

None of the computer-based money transfer systems which I have reviewed has controls as good as they could and should be.

industries. The point at which information is recorded into the computer is being moved further and further forward in the business cycle as computer terminals appear in the shop, sales office and on the factory floor.

To an increasing extent, we are going to see the introduction of computer systems through which all of a business's accounting is undertaken, and management will depend entirely on the summarized financial results and statistics provided to them by the computer.

Errors in such computer systems can be damaging if they are not detected early enough. They become more likely as the computer strengthens its monopoly over the vital financial and statistical information required to run a business.

Last year my firm qualified its opinion of the accounts of a publicly quoted company because of improper accounting records had not been kept by the company in that it had not maintained a controlled system of accounting for debtors since May 1, 1979, the date on which the sales ledgers were computerized.

In another case the management of an engineering company in Yorkshire which was taken over following heavy losses, attributed its problems in part to the development of a computer system which had caused stock to be over-valued by £2m.

It is possible to avoid such problems, but only if management throughout industry and government are aware of the importance of establishing good controls over the computer systems they introduce into their business.

Computer auditors who are employed in accounting firms and internal audit departments have a crucial role to play in assisting and educating management in the control of computer systems. This can be done as part of the annual audit procedures, but the computer auditor will be much more effective if he is consulted during the early stages of designing a computer system. The new skill of computer auditing is going to be fundamental to the effective management of computer systems in the future.

## Design of fast nuclear reactor

From Mr S. A. Ghallib, Sir, Perhaps you would allow me, as one time managing director of The Nuclear Power Group (TNPG), to comment on a particular recommendation in the first report from the Select Committee on Energy in the United Kingdom, up to 1967, the new types of reactor were designed, developed and prototypes built by the Atomic Energy Authority, who then passed their information to industry. There are pitfalls in the transfer of design information from a research organization to an industrial company, as the subtleties that arise in the conceptual design phase cannot be effectively conveyed to the recipient. The United States, Canadian, German and Swedish governments avoided these problems by entrusting new reactor designs to companies that would eventually exploit them commercially. The inherent shortcomings of the

method of working in this country were realized by the British government and in 1968 we successfully negotiated the transfer of the AEA's reactor design team—fast reactor, and the steam generating heavy water reactor—to TNPG. The AEA's Reactor Division remained, and still is, a highly qualified research and development organization with some unique experimental facilities in this country. They have been providing support in basic technology for the reactor designs produced by TNPG, and now by the National Nuclear Corporation (NNC).

The present select committee recommends that the fast reactor design responsibility should revert to the AEA (para 142). This is very surprising especially in view of the committee's strictures (para 131) of that organization. The recommendation would seem to be perverse in refusing to learn

from experience. The prototype of the fast reactor has already been built, and what remains to be done is the production of commercial designs in the closest possible collaboration with plant manufacturers and the generating boards. If the main reason for the recommendation is the need to augment the NNC staff now working on thermal reactors (over 1,000) by 100 or so, this should be, and indeed could be, done from other sources. If the AEA were to undertake reactor design work, they would have to recruit designers as they no longer have such staff.

It is important to distinguish design, engineering development and research and have the right infrastructure, and not to sacrifice it for expediency. Yours faithfully, S. A. GHALLIB, 235 Washway Road, Sale, Cheshire.

## Selling goods overseas

From Mr I. P. Kirkpatrick, Sir, I am certain Lord Limerick as chairman of the British Overseas Trade Board was not addressing this company when he suggested that British exporters were not taking advantage of Mexican opportunities. We sell our toffees, butterscotch, nougat, etc. all over the world and have been at some pains to develop the Mexican market over the last two and a half years. However, since October 3, 1980 the Mexican government has stopped sugar confectionery imports, even into the duty free zones, by the requirement of import licences which, to date, despite every endeavour, we have been unable to obtain. These measures will continue to the end of 1981 and may well be extended. Exporters have to have thick skins as they are always being advised on some aspect of their work but perhaps next time your headline might read "Don't export exporters failing to exploit Bongoese market", or which ever one it is.

From Mr I. P. Kirkpatrick, Sir, On this coast there are many British and even more English speaking residents. There is also Gibraltar, where the only radio station which can be heard is run on the basis that the Forces and their dependants, which it purports to serve, have teenage mentalities.

Here is a marvellous opportunity for a high-powered station to combine an adult programme with advertising British goods, which would soon appear in the shops. Yours faithfully, DAN MACGREGOR, SA/74 Sierra Mijas, Los Boliches, Malaga, Spain. February 15.

## Standing charge for gas

From Mr Stanley Meyrick, Sir, The "robbery" referred to by your recent correspondents is indeed to be deplored, but Mr Ian MacKenzie (letters, February 15) may like to point out to his members a way to avoid the "standing charge" for gas. It was suggested to us by a friendly—and slightly ashamed—gas board official in London, and we have found that it works here.

You must ask for the ordinary gas meter to be replaced by one operated by a coin. Insertion in our case, cost £8, that is, half the annual standing charge which we no longer have to pay! The slight inconvenience is lessened by keeping a couple of 50p pieces in a little bag tied to the meter.

Yours truly, STANLEY MEYRICK, 6 Fordwick Road, Westbury Garden City, Herefordshire, AL8 6EY.

## Changing currency at the bank

From Mr S. J. Cartwright, Sir, Not only is my local branch of Lloyds Bank reluctant to handle foreign currency (Netherlands letters, February 19) they even refuse to give change for a pound note unless one gives one's name. The cashier then completes a form including

the name and eventually the change is given. Yours faithfully, S. J. CARTWRIGHT, State House, Holborn, London, WC1. February 19.

## Lessons of the 1980 steel strike

From Sir Charles Villiers, Sir, Your leader of February 14 last says: "The lesson of the steel strike was that the waverings of government policy were confusing to the participants."

The BSC board and management were not so confused. They had adopted a policy of "10 per cent more for better results, plus 2 per cent to consolidate the previous year's supplement."

Sir Keith Joseph, as Secretary of State for Industry, was told of this and kept fully informed throughout the long steel strike but he persistently left the whole thing to the BSC.

BSC ultimately reached a solution consistent with its policy; this is the real lesson of the strike which so far has proved a watershed in industrial relations.

I write this lest a myth become part of accepted folklore. Yours faithfully, CHARLES VILLIERS, Blacknest House, Sunninghill, Berks, SL5 0PS.

From Mr J. A. Lomborg, Sir, Your workforce slashed by half. Union demarcation lines scrapped. A director spending 55 per cent less of his time sorting out industrial disputes. Productivity at present standing at 9.4 man hours per tonne of steel with a target, if orders flow in, of 5.74 man hours per tonne (about 1.5 man hours below the German level). A smiling workforce.

Can this be in Britain? Indeed, at British Steel Corporation's Port Talbot plant. Congratulations! Yours faithfully, J. A. LOMBERG, Managing Director, Jobs Weekly, 11 St Bride Street, London, EC4A 4AS.

## A check on the pay-day tradition

The campaign to switch from traditional methods of paying wages weekly in cash gained new momentum last week with a collective gesture of support from employers and workers in the Confederation of British Industry's policy making council. This wholeheartedly endorsed a paper presented by the Committee of London Clearing Bankers—obvious beneficiaries of a switch to monthly cheques—payments—which set out the advantages of using payment methods other than cash.

However it remains to be seen how many employers translate their support into action. For, despite theoretical advantages, actually achieving the changeover is more difficult than it appears.

Most employers agree that cash is old fashioned, expensive and risky. The costs of using it to pay wages in terms of administration, security charges and the physical handling and checking involved add, according to the bankers' conservative

assessment, about £25 a year per employee to overheads. Bankers argue that the high security risks mean that it is in the national interest well as in employers' own self-interest to use alternative methods.

Over 50 per cent of all British workers and 78 per cent of manual workers are paid in cash.

Britain lags far behind other industrialized countries. During the last 10 years, the French have introduced four-weekly non-cash pay for over 90 per cent of the workforce, while in Holland and Sweden over 80 per cent of employees are paid by non-cash methods. In West Germany and Canada only 5 per cent of workers are paid in cash and in the United States the proportion drops to 1 per cent.

In Britain the trend away from cash is growing. Each year some 400,000 employees make the switch. But why has progress been so painfully slow? The reasons for this lie

partly with the banks themselves. It is not economical for them to operate personal accounts which are emptied each week and so, previously, they have not particularly welcomed business from weekly paid workers.

The Committee of London Clearing Bankers and the Payment of Wages Working Group, which has recently been formed by the 12 leading high street banks, emphasize that significant savings by employers can only be achieved if the frequency of payment is increased from one week to four weeks or a month.

For both employers and trade unionists, a change in frequency of pay carries overtones of a switch to equal status. As such it represents the tip of a much larger problem which could involve renegotiation of notice periods, pension rights and other complications.

If the changeover is not comprehensive and an employer

has to operate several methods of payment simultaneously, any financial gains can be swiftly lost.

Apart from a lessening in security risk, there are a few inherent advantages for employees. A disadvantage is that of drawing cash. Recognizing the bankers' complaints, but that some of the banks are trying to instal more cash dispensers, while others, such as National Girobank and the Co-operative Bank, are opening on Saturday mornings.

Although the industrial relations problems are all still well entrenched, the employer acceptance in principle that change is needed indicates a new willingness to find answers.

From the bankers' corner there is competitive pressure from comparatively new quarters such as National Girobank, one of whose stated aims is to attract more customers among those paid weekly in

cash and which offers free banking.

Mr Sam Wainwright, managing director of National Girobank, acknowledges that industrial disputes and other problems have hindered growth.

Nevertheless, an estimated 180,000 new personal Girobank accounts were opened last year, to bring the total to 950,000. Mr Wainwright is determined to obtain at least his share of any future business.

Patricia Tisdall

## De Lorean—a pointer to better days?

There was a great deal of satisfaction in Belfast last Monday when the De Lorean sports car made its public debut at the Ulster Motor Show. The Government-backed project, which has generated so much controversy and acres of newspaper space since Mr John De Lorean signed an agreement with Mr Roy Mason, the then Northern Ireland Secretary in August, 1978, was seen at last to be real. There it was, sleek, clean, unique in its unapologetic brushed stainless-steel finish, with kickable tyres and thumpable seats, effortlessly outpacing everything else at the motor show in one corner of the Kings Hall, Belfast.

Alas, the finished car was a barebones chassis, engine, transmission and suspension exhibits which showed just what a well engineered solid and corrosion-resistant car the De Lorean is destined to be. But the important thing was that the exhibition car was not a one-off prototype, lovingly handbuilt for the show. It was one of several hundred that have now been produced at the new car factory on the southern outskirts of Belfast. Last week 12 day were coming off the line: this week the figure should be nearer 20 a day, as production increases rapidly. Already the company's compound near Belfast harbour is filling ready for the first shipment to the United States of 150 cars within the next few days. Other shipments will follow shortly to create the stockpile of at least 700 cars which the company wants in the United States for a coast-to-coast market launch early in May.

"This is Belfast's car, Ulster's car—and it is only right that it should make its debut at the Ulster Motor Show," said Mr Don Lander, De Lorean's local managing director, the former Chrysler UK boss. Mr Lander was right too, for the Ulster public must after all the appalling blows the economy has suffered in the past 12 months. It would be churlish to deny Belfast its share of pride in the debut. Even if the car was conceived in the United States, styled in Italy and its

engineering refined in Norfolk by Lotus, it was Northern Ireland companies and Belfast labour that built and brought into operation the United Kingdom's most modern car plant in an astonishing 26 months from the turning of the first sod on a boggy, green field site.

Set that against the Isle of Grain, the Thames barrage or British Leyland and it could

## Industry in the regions

Belfast

be an apt retort to the venture's many critics who, from Ulster, seemed to have resented the whole idea of any Government industrial investment in Northern Ireland and sniped continuously since the day the project was first mooted.

De Lorean men point out that their project is good for Britain too, with 80 per cent of the car's materials and component parts being purchased from such otherwise work-short mainland producers as British Steel and GKN.

The drama continued until only five days before debut day when Mr Adam Butler, the Northern Ireland Minister of State for Industry, said the Government would provide guarantees for a bridging loan of £10m to see the De Lorean company through until a cash flow began with the first sales in May. In return, the company has given Mr Butler a written undertaking that all the Government's obligations towards the venture have now been met and that previously agreed royalty payments of £185 per car will be made to the exchequer.

Mr De Lorean stressed that the guarantee sought for the short-term loan was not further state aid and that the company should reach profitability by the third quarter of the year when the £10m loan would be repaid.

De Lorean will probably let the dust settle for a while before pressing on the Government its proposal to establish its engineering and development centre here in an adjacent factory vacated by Grundig last year.

Meanwhile, 40 to 50 new recruits are being taken on almost every week to man the De Lorean factory, where the initial workforce has proved itself, according to Mr De Lorean, to be "sensational".

The media and political spotlight on De Lorean has tended to take attention away from another British Government-United States private enterprise joint venture which is similar in style and equally easier for fast-moving executives. This is the Lear-Fan 2100 twin-turbo prop business aircraft under development in Nevada for production near Belfast. The prototype recently made its maiden flight. In Northern Ireland the production workforce is already building up and now numbers about 160 of the ultimate 1,100.

If the radical, all carbon-fibre aircraft and its coupled single pusher propeller through a common gearbox—a common enough arrangement in helicopters if not in fixed wing aircraft until now—do not prove to be too much for the United States Federal Aviation Administration's certification engineers to swallow in one gulp, the Lear-Fan seems destined to romp away with a market previously shared between the lightplane big three—Cessna, Piper and Beech. It is about 100 miles an hour faster and little more than half as thirsty as its nearest rivals.

For all this, the new employment represented by De Lorean and Lear-Fan is but a droplet compared with the flood of jobs in Ulster. Unemployment has increased by almost 50 per cent in a year to stand at almost 100,000, or a rate of 17.2 per cent. The vast Belfast shipyard staggers on through the recession, its few orders heavily underwritten by the Shipbuilding Intervention Fund while its salesmen chase faint market prospects as

never before and its designers prepare for the revival in an over-deficient world, of coal-burning ships.

Short's aircraft factories, just over the shipyard wall, are relatively prosperous and are now Ulster's largest manufacturing employer with a steady flow of orders for big airframe assemblies for Lockheed and Boeing jumbo jets and Shorts own 330 commuter airliner. A development of the latter, the larger 360, is being prepared for a maiden flight this summer.

At the other end of the business scale, the Government-funded Local Enterprise Development Unit has now wholeheartedly embraced the concept of small cooperatives and has appointed full-time specialists to nurture such ventures, in addition to the more traditional small firms it has encouraged into existence in recent years.

One such cooperative opened last Monday in Belfast's Shankill with Northern Bank support to make high quality children's clothes. It employs 15 co-owners and plans to double the figure within two years.

Still unresolved is the question of Northern Ireland's excessive energy costs and the Government's refusal so far to supply the province with a share of the United Kingdom's North Sea's natural gas.

Mr Butler, seems to be marginally less set against the idea of an undersea pipeline from Scotland than was his predecessor. The Government's rejection of an apparently unanswerable case for a pipeline which was made by the Northern Ireland Economic Council is now being taken up by the parliamentary select committee on energy, and even that economic non-interventionist Mr Enoch Powell is calling for equalization of energy costs throughout the United Kingdom. Meanwhile, the planned run-down to extinction on Northern Ireland's gas industry has been put on "hold" while Mr Butler discusses with Dublin the possibility of piping into Northern Ireland natural gas from the republic's Kinsale offshore field.

Bob Rodwell

## Lloyds Bank Group Results 1980

With good results from overseas but UK domestic profit down

Group profit before tax was £290m, an increase of 5% over 1979, which was below the rate of inflation

After tax and dividends retained profit was £172m

Retained profit contributes to shareholders' funds. These now amount to £1,395m, which supports worldwide lending and a total balance sheet of £19,866m

When the figures are adjusted to allow for inflation, pre-tax profit was £164m and retained profit £47m



Lloyds Bank Group

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BY THE FINANCIAL EDITOR

## Judging the pattern of the recession

Past world recessions have conformed to a fairly predictable pattern. But this time round there are still too many conflicting factors to make any more than a rough guess of the shape of the present one. The trouble stems from the fact that over the last month the monetary indicators are no longer signalling the slow recovery in world economic activity they were at the start of the year.

Last week German and Swiss interest rates moved up sharply while both in the United Kingdom and the United States rates are being kept higher than is consistent with the expected recovery in industrial output. So at this stage of the cycle the best working assumption seems to be that the upturn in economic growth and trade could be delayed until early next year instead of the expected break-out from the middle of 1981, implying that the trough of this recession will last a lot longer than previous ones.

Assuming there is still some truth left in the locomotive theory of world economies that backdrop could yet be upset if President Reagan's strategy to revitalize the United States economy works. Even before the President's box of tricks last week, the economy was exhibiting unusual strength.

Encouraged by strong consumer demand, United States companies have started to rebuild their heavily depleted stocks and industrial production has maintained the strong upturn of the last quarter of 1980.

But the performance of the United States economy over the last year, especially interest rates, has virtually defied any form of forecast. Even if Mr Reagan's budget gets through Congress—and that is a big hurdle at this stage—his supply side medicine will take longer to work than Wall Street likes to look ahead. Certainly United States equities have had enough time to digest the Reagan approach, given the way the budget framework was leaked and, judging by their sceptical reaction to the fine details last week, they are far from confident that the United States economy is leading for the present time.

On the other hand, United States bond markets have had rather more to get their teeth into. True, the balanced budget goal is still some three years away, and the immediate impact of the budget—to the extent that tax cuts will have a faster impact than the spending cuts—may be more inflationary than expected. But the resurces in United States money markets are subsided enough to allow the Federal Reserve to back-pedal a little on interest rates, and further gains in bond prices like those seen last week look on the cards—until the Fed tightens up again if the inflationary pressures mount later this year. Not bank on United States prime rates staying below 20 per cent.

Retailers

### Woolworth rises again

Woolworth's publicity for Operation Crackdown, its new price cutting campaign, succeeded in frightening the stock market. It was useful as this advertising may be, it is a market place that Woolworth must win. It is to fill empty tills. Already the question is asked: Has the City been taken?

Only a few of the price cuts are of one lot, and the 800 lines to be cut is not so large a number as the total number of lines in the store. In any case national groups such as Debenhams have already attracted public attention with bargain sales, and some stores seem to have had sales continuously since January 1980.

So Woolworth is not exactly early on the scene. It could, however, be later than competitors in unloading surplus stocks, and cutting costs, and squeezing keen deals out of suppliers. Moreover these competitors must hope for a fall in short-term working as the year progresses, and for a pickup in consumer confidence and spending next Christmas, the time when retailers make most of their money. It is a view that some brokers will soon put to institutional clients. They will prod them towards recovery stocks like UDS and Debenhams.

rather than defensive blue chips such as Marks and Spencer. But next Christmas is some way ahead, and profit prospects among streamlined manufacturers as the business cycle turns up look more exciting. On this view retailing shares look a little too high. As a sector stores have over the last six months outperformed the market by 6 per cent, and Marks by as much as 22 per cent. Most have a poor 1980 yet to report on.

This year unemployment will be higher than last, bad for customer confidence and pay packets, from which heavier national insurance contributions will soon be taken. Nor is it clear that redundancy payments in total will increase. Until recently wage deals were outpacing inflation. Now the two are moving into line. The Budget seems more likely to take money out of pay packets than put it in. Stores themselves will again face big increases in their bills for heat, light, transport and rates. So it looks as if most profit rises this year will be small at best.

Finally, the whole notion of "defensive" stocks has taken a battering as holders of do-it-yourself, fashion and brewery shares know to their cost. Woolworth's price cutting will do nothing to restore it to retailers.

GKN

### Stanching one wound

Guest Keen and Nettlefolds, Britain's battered engineering giant, now has one less problem to deal with after last week's agreement on merging its bar, billet and wire rod interests with British Steel.

But the deal, which involves forming a jointly owned company with annual sales of about £200m and net assets of £130m, can be of little immediate comfort to GKN shareholders who are very likely to learn in March that the group lost money during 1980 and will only be paying a notional final dividend, if that.

The best thing about the deal from GKN's point of view is that the formation of Allied Steel and Wire next July will immediately plug one cash drain.

Bulk steelmaking is a cash-hungry business even at the best of times, but from next July GKN's commitment to this end of its business should end. The initial working capital needs and opening losses of the new company will be financed through cash injected by British Steel and by commercial borrowings.

The company will also be treated as an associate and half its losses consolidated. So assuming the losses from the GKN side—£6m before interest in 1980 against a £6.5m profit—are greater than those of the BSC operations, an assumption based on the fact that GKN is providing over half of the assets and turnover, then there could be some benefit to GKN's profit and loss account.

However, as far as GKN's balance sheet is concerned the deal has little impact. On the plus side there will be no book written-down, but GKN is not going to be able to shift much debt from its own balance sheet to the new company. It will offload only some European Coal and Steel Community loans, acquired to build steel plant, which amount to less than £20m.

There is little doubt that the GKN balance sheet, helped by the £45m from the sale of its stake in the Australian associate and showing net debt of £262m against a net worth of £778m at end 1979, will have been considerably weakened by the past year's trading in automotive components and engineering.

Profit forecasts for 1980 range from either side of break-even to losses as high as £30m, so bearing in mind overseas tax to pay and redundancy and closure costs of about £30m, there will be a heavy debit to reserves.

Meanwhile, cash has been flowing out of the business, and, depending on stock reductions, borrowings will have risen substantially.

Then there are more losses to face in at least the first half of 1981 and agreement still to be reached with BSC and others on rationalizing engineering steels. So recovery at GKN is still some way ahead.

The banks are about to report profits for 1980 which show them doing substantially better than almost any other major sector of British business. The banks tend to do well when others are doing badly, and poorly when the rest recover.

As the Chancellor prepares his Budget the banks fear that there will be special measures in the package for them. Last year they escaped a "windfall profits" tax by a whisker thanks to the eloquence of the Bank of England and talk of a serious downturn in profits. This year the same talk of a "wolf" seems to cut less ice with impatient shareholders, pressed politicians and, paradoxically, the banks have few friends in this most conservative government.

Last week, Lloyds Bank announced profits of £290m before tax, some £13m up on 1979. But within this figure profits from banking operations in Britain fell from £203m to £195m and provisions for bad debts rose more than tenfold from £3.7m to £41.2m. Other banks are expected to follow the same trend.

Overall bank profits are not going to be embarrassingly high this time in the sense that they will be down, even sharply for those parts of their operations directly involved with lending to industry. Banks will also be reporting rising bad debts because of lending well beyond "the limits of commercial prudence".

City estimates suggest that during 1980 bad debts incurred by the four main clearers, Barclays, National Westminster, Midland and Lloyds, had ranged between £300m and £500m, that is between three and four times as much as in 1979. Banks, such as the Midland, which are deeply involved with industry could be particularly badly hit.

Bad debt provisions are of two distinct types. There are specific provisions for known trouble spots while the general

## Can the banks escape the Chancellor's attention?

Those who want to tax the banks have wheeled out some powerful arguments.

They say the banks have been largely responsible for pushing the government's monetary policy off course and making it look ridiculous.

provisions are laid aside for unspecified problem areas gleaned from reports submitted by branch and regional managers.

Critics say that the banks can fudge some of the figures and write back excess provisions in bad years when the political pressure eases off. The banks have always denied such Machiavellian tactics and say that the provisions are needed and they would not be doing their jobs properly if they did not provide for all eventualities.

They also say that when so many companies are going to the wall it is not surprising that bad debts are piling up. Meanwhile, recent reports from branches and regional offices still point to a gloomy business picture and show no signs of an easing off of the recessionary pressure. The banks are at pains to emphasize that they are bending over backwards to help ailing companies. It is only in the very worst circumstances, say the bankers, and after a report by independent accountants that they call in the receivers. They have not followed the German example of the 1920s when banks converted short-term loans into shares of companies, but in some cases British banks have come close to it and although Massey-Ferguson is a foreign company with strong British

interest, the rescue package may be the beginning of a new chapter in British, uncharacteristic pattern.

It is against this background that there is renewed talk of a new tax on banks. Initially there were rumours of a tax on current accounts, but there seems to be some disagreement on that even at the Treasury where Mr Nigel Lawson, the Financial Secretary is no friend of the banks.

No decision seems to have been taken, but the Chancellor may well say something which at least goes half way to satisfy those wishing to penalize the banks.

Those who want to tax the banks have wheeled out some powerful arguments. They say the banks have been largely responsible for pushing the government's monetary policy off course and in the process made it look ridiculous. It is worth recalling what actually happened.

In his last Budget Sir Geoffrey Howe set a money supply target of 7.1 per cent for the current financial year (measured in terms of sterling M3—the wide measure of money). Now, although the financial year is not over yet, it seems clear that the actual growth figure will be around 17 or 18 per cent.

What irks the critics is that, they claim, the banks are

responsible for 4 or 5 per cent of that. In other words but for the banks the policy would have looked only moderately unsuccessful.

The problem arose after the last June. During the corset restrictions leading through acceptance credits—where banks guarantee credit extended between third parties—rose sharply as did foreign currency lending to British companies. After the end of the corset these credits eventually found their way into the banks' balance sheets and thus into the money supply figures. This happened to an extent which amazed observers.

This in itself would have been enough to provoke anger at the Treasury but it was further fuelled by moralistic arguments. The Confederation of British Industry and many small business people, usually Tory voters, are indignant about bank profits. They regard these as government largesse entirely attributable to high interest rates and not caused by any special skills. It would only be right, they think, that the Government claws back some of these gains.

But taxing the banks on past profits would not only be introducing a retrospective tax, something alien to Conservative philosophy, it would be unwieldy because such a tax

would also have to apply to institutions other than clearers including the Co-operative Bank, the Trustee Savings Banks and others.

The argument that the banks have been helping industry cuts little ice with the more Conservative politicians. They would say that when companies in trouble go to the wall the good parts are bought out while those that have no chance of becoming profitable ought to disappear and clear the decks for more healthy businesses.

Such an extreme view is unlikely to prevail and the Government will probably agree with the Bank of England that the banks are facing a cyclical downturn in profits. But there are other ways that the Government may act. There is now increasing talk of a possible shift of export credits from the Export Credit Guarantee Department to the banks.

Foreign currency export credits have already been taken over by the banks. If the £1,400m of export credits was shifted from the ECGD to the banks the public sector borrowing requirement (PSBR) would be reduced by perhaps £1,200m. The PSBR is likely to be above £3,000m compared to initial predictions of £2,500m. These credits are on fixed rates ranging between 7½ to 8½ per cent. The rest would have to be subsidised by the Government but the level of interest subsidy could vary thus imposing some penalty on the banks.

Other schemes are also being mooted, including one on helping small businesses at low interest cost. But since there would presumably be government guarantees for the loans the banks would be happy to lend at low rates.

Overall the likelihood is of a typically British compromise with the flexibility offered by the shift of export credits making it the favourite among followers of the banking business.

Roman Eisenstein

Patrick Knight

## Brazil's home-grown answer to oil



An alcohol service station in Brazil: two-thirds of the fuel is distilled from indigenous sugar cane.

Apart from the 250,000 new cars fitted with alcohol-burning engines in 1980, about 50,000 petrol engines were converted last year, an operation which costs about £100. But far more alcohol is being consumed than would be accounted for by this

number of cars, and this is worrying the government. More engines are being converted illegally than are being handled by the premises licensed to do so.

The manufacturers say that a cheap conversion is a bad bargain. Apart from higher fuel consumption, using proper materials are used for all the parts coming into contact with the alcohol, from the fuel tank, to the carburettors, they soon corrode away. A proper cold start system is also required, as alcohol will not ignite below 15 degrees Centigrade.

The lower running cost of the alcohol-powered car appeals particularly to high mileage motorists, such as taxi drivers, and commercial travellers. The price differential is such that many motorists and unscrupulous garage owners are tempted to mix their own cocktails. Many are adding more than the 20 per cent alcohol, which can be

burnt in an unmodified petrol engine.

More than 500 new garages are switching to sell alcohol each month and each has to build up stocks. The industry claims that enough alcohol is being distilled to fuel 1.2 million cars, so there should be nothing to worry about.

Far more alcohol is still being mixed with petrol at the pumps, forming "gasohol", than is sold "neat", so there is great flexibility. Altering the mix would eliminate an existing surplus of petrol, which is having to be exported at low prices, as refinery runs cannot be easily altered.

Although Brazil's ambitious cane planting and distillery building programme will almost triple the amount of alcohol available by 1985 to more than 10,000 million litres—enough fuel for five million cars—the government does not want the programme to get out of hand.

Two motor companies start making lorries powered by alcohol this year. General Motors are to make a 12-ton truck designed specifically for the cane growers, on the basis that distillers will prefer a vehicle which they can fill up free.

With the huge expansion in cane production, GM calculates that there will be a large market for it.

Volkswagen will also soon be making a smaller alcohol-powered truck at the plant it bought from Chrysler two years ago.

VW is trying to convince the South-east Asian countries which it supplies with kits from Brazil of the merits of alcohol and has had some success. The rough cars made in Brazil (though not those made anywhere except Australia, Mr Joseph Sanchez, the General Motors Brazilian president, says) are ideal for other Third World markets in Africa, Asia and the rest of Latin America, which the "world" recession is hardly affecting.

But, as with everywhere else, Japan's exports are hitting Brazil. Even within Latin America half of all cars imported now come from Japan. In Africa Brazil's other major market, the fact that Japanese ships can always find some raw material to ship back, while Brazilian ships cannot (apart from oil, Brazil imports few commodities) gives the Japanese an edge.

This is why Brazil has concentrated as much on high value engines, where freight rates are lower per unit, as on complete cars.

But some longer-sighted men in Brazil's motor industry believe that Japan's price advantage must gradually shrink, given the fact that the Japanese import virtually everything to make their cars, while Brazil imports nothing, except some machinery, and labour costs are lower, too.

The feeling is that as the giant United States companies digest the need for smaller cars, and get underway in this field, the Japanese need to look out. Both General Motors and Ford are spending about £200m on new facilities in Brazil—with export markets in mind.

## Business Diary profile: Lloyd's of London

in Graham Page. Conservative MP for Crosby, Merseyside, not only promoter of private parliamentary Bills, succeeded in getting a Lloyd's Bill through "on the nod" last week.

That news, however, will not add to scenes of jubilation in the committee room at the elite underwriting club in London's Lime Street known as Lloyd's. For the Bill concerned that other unapproached Lloyd's—the clearing bank—and was little more than a rubber-stamping of a minor takeover.

The other Lloyd's Bill, which Sir Graham is handling, proving an infinitely more daunting task to steer through the House. Sir Graham, whose past successes as a promoter include the 1957 Cheques Act and the 1950 Pawnbrokers Act, as found himself having to negotiate through a minefield of Tory criticism about different aspects of the Bill. Ironically most of the criticism is in favour of the Bill in essence. Designed to improve self-regulation in the market, it presents a bold action by Lloyd's to tighten its rules in the wake of a series of scandals and disputes.

But the rebels are hotly opposed to several aspects, not least clause 11 which would give the new ruling council navigated under the Bill an indemnity against legal action. Debate over the Lloyd's Bill is many-sided but at its centre is the question of just who holds the control of one of the world's most famous institutions—an insurance market handling insurance premiums of almost £2,000m.

put up their belongings "down to the last gold cufflink" as security against the risks Lloyd's underwriters take. But 16,000 of this total have virtually no involvement in the market.

"dormant" body of underwriting "names" who have one possession in common—wealth, have been sharply awakened in recent years by a series of disputes, scandals

and worse still losses, culminating in the notorious Sasse syndicate affair.

These members may have been soothed by the news that Lloyd's was to put its house in order through an independent inquiry headed by Sir Henry Fisher and following from that a draft parliamentary Bill. This would keep the professionals, who used the market in check.

But, who, an increasingly

vociferous minority of names has been asking, will keep the rule makers in check? The problem is that Lloyd's has become increasingly dominated by big insurance brokers. They order through an independent inquiry headed by Sir Henry Fisher and following from that a draft parliamentary Bill. This would keep the professionals, who used the market in check.

But, who, an increasingly

So far the debate has brought an interesting cross-section of the public glare. There is for example Lady Jancy Middleton, wife of the 12th Baron Middleton of North York, and a general's daughter and magistrate. Stung into action possibly by the attention of the House and the press the now famous "Savonita" affair.

Meanwhile, the debate among Lloyd's names is becoming increasingly fiery with signs of a split even within Lady Middleton's committee between those who would like to see the Bill go through after important surgery and those who would like it to be withdrawn altogether and rewritten at a more leisurely pace.

And a great many other Lloyd's names cannot see what all the fuss is about anyway. One of them, Colin Baillieu, fired off a letter to *The Times* in the House of Commons to declare: "Lady Middleton and her associates want protection but if that is what they want they should not be in Lloyd's in the first place".

Others like the quixotic Jonathan Aitken (Thanet East) would claim perhaps to have a more distant interest, viz. Lloyd's as an important British institution in danger of career-ing out of control.

Aitken, of course, has already had one bit at the windmills of Lloyd's when he brought to the attention of the House and the press the now famous "Savonita" affair.

The existing committee of Lloyd's is fairly confident that this represents the majority view.

Richard Allen

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FINANCIAL NEWS

# Conditions fail to improve in first quarter for Henlys

By Richard Allen

Further evidence of the grueling conditions faced by British motor dealers comes from Mr G. R. Chandler, chairman of Henlys, in his annual report to shareholders.

Mr Chandler reports that in the first quarter of the present financial year conditions in the new car market, have not changed from those in the second half of last year.

Meanwhile, the group's principal subsidiary, R. Cripps & Co, which deals in construction and agricultural equipment and has a 40 per cent share in the R. Cripps diesel engine, has made a "poor start".

However, the chairman says that more recently there have been "some limited signs" of improvement in new and used car trading and there is evidence of a small degree of recovery in the Cripps operation.

Last month Henlys announced its first pretax loss since the war with a plunge from previous full-year profits of £4.3m to a deficit of £387,000.

Although it boasts one of the stronger balance sheets in the motor trade with total debt of under £14m against net worth of almost £35m, Henlys was hard hit last year by a rise in interest and stock finance charges from £1.83m to £3.2m.



Mr G. R. Chandler, chairman of Henlys.

# No upturn in copper prices likely this year

Copper prices are likely to remain at their present depressed levels through much of 1981 as a result of weak international demand and the loss of speculative interest, the International Council of Copper Exporting Countries said at the weekend.

In the latest quarterly bulletin, the council's secretariat says an improvement might be observed towards the end of this year as the consuming countries pull out of the recession.

The bulletin remarks that the flat price trend "will add very serious and ever-deteriorating position of the copper producers".

The secretariat expects a surplus of supply over demand of about 200,000 tons on the world copper market this year compared with a similar shortfall in 1980.

The bulletin adds that because of the economic slowdown, no growth in copper consumption can be expected this year. In contrast, however, mine output and refined copper production are likely to rise by 10 per cent and 3 per cent respectively after being stagnant in 1979 and 1980.

# Question mark over ICI's dividend

Despite the many technical factors involved, the equity market has been bubbling away for several weeks now with the FT Index again nudging the 500 barrier, much to the consternation of several City pundits who had been counselling investors to sell.

However, the City's enthusiasm has been somewhat overshadowed by the performance of ICI, which has already reported a loss for the third quarter and has a question mark hanging over the final dividend payment. All of the market's questions will be answered this week when the group's full-year profits are announced along with full-year figures from Carrington Viyella, National Westminster Bank and Commercial Union.

The Government is likely to come in for a rough time again tomorrow when the provisional unemployment figures for February are released by the Department of Trade. Needless to say, they are expected to show a further increase. This is followed on Thursday by the energy trends from the Department of Energy, and on Friday, the Department of Transport's vehicle production for January.

Full-year results from Commercial Union tomorrow, are not expected to revitalise a composite insurance sector still sagging in the wake of rival Royal Insurance's £116m rights issue.

Analysts are not prepared to look much beyond £110m pretax, against £137.6m previously, and some go as low as £100m. But there are strong hopes that the dividend will rise by 10 per cent despite cover dropping below twice.

Meanwhile, most interest will centre on whether ICI can see any glimmerings of recovery in the heavily depressed United States underwriting market. There has been no evidence as

yet of any let up in the fiercely competitive conditions which have developed as a result of attractively high interest rates.

Also tomorrow, National Westminster will be the second of the large clearing banks to unveil its figures for 1980. The figures put on 9p to 360p on Friday in the follow-up to the somewhat better than expected results from Lloyds Bank.

At the interim stage National Westminster made £224.8m, almost unchanged from the £225.5m made in the second half of 1979. For the full year brokers' estimates for profits range between £400m at the lower end and £450m at the top. The figures are for profits before tax of £430m as against £441.5m for 1979. But with National Westminster, as with all clearing bank shares, the dividend will be paid out of the year's profits.



Sir Maurice Hodgson, chairman of ICI.

## This week

As expected the dividend will be paid out of the year's profits. Last year the total payout amounted to 15p gross. But on a brighter note the balance sheet will stand up pretty well with £15m to £20m expected to be drawn from reserves and the board doing everything to convert assets into cash.

Analysts now predict that the worst is over but point out that recovery looks likely to take quite some time.

Finally, on Thursday ICI weighs in with its full-year profits and the big question on most people's lips is whether or not it will cut the dividend. The consensus at the moment is that the dividend will be maintained with several optimists hoping for a small increase.

The profits themselves are likely to be well down on last year's figure of £550m with most expectations ranging from £200m to £250m. Once again the group will have felt the full effects of the recession, particularly on the manufacturing side where the strong pound will have done little to improve conditions.

On a brighter note, production of the Ninian field is expected to show a slight upturn but the increase in the price of

North Sea crude oil came too late to be of much benefit for the period under review.

# Computing services forecast to catch US

By Kenneth Owen  
Technology Editor

The computing services market in Europe should grow to about the same size as that in the United States by 1983, according to a report prepared for the European Computing Services Association. The total expenditure by customers on computing services in western Europe in 1979 amounted to \$7,100m (about £3,000m), and the estimated growth rate of the market between 1979 and 1984 is about 16 per cent a year.

France represents the largest national market for computing services (\$1,670m in 1979) and also has the largest number of people working in the industry (34,500). The United Kingdom is second on both these criteria.

IBM is the dominant supplier of computing services in Europe as it is of computer equipment in both Europe and the world. Of the top 20 suppliers of computing services in Europe, the report shows, 13 are French, five are American, four are British and eight are from other countries.

French suppliers also occupy five of the top ten positions. The growth opportunity for computing service companies, the report says, lies in the integration of hardware and software systems. Provision of software products is expected to grow at 18.9 per cent a year up to 1984.

The report, an annual publication, was prepared for the association by the London office of Quantum Science Corporation of New York. It indicates that companies in the industry are less concerned about the current market than about issues such as transborder data flows and export assistance. They are now seeking government assistance for research and development as well as for training.

## Business appointments

# New partners at L Messel & Co

Mr David C. Paget, Mr Orme Clarke, Mr Mark Donati, Mr Roger Goodwin, Mr Keith Hodgkinson, Mr Laurie Hunter and Mr Keith Windsor will be joining the partnership of L Messel & Co on April 10. Mr Jack Girardet will be retiring from the partnership on April 9, but will remain as an associated member.

Mr Mike Donoghue is now managing director of Langdon Industries. Mr Philip Langdon, previously chairman and managing director, continues as chairman.

Mr Peter J. Woodward has joined the board of Walker & Staff Limited.

Mr Roy H. Jenkins has joined James Halstead as contract sales/marketing director. Mr David Morrison has been made retail sales/marketing director.

Lord Kearton has been elected as non-executive chairman of BPC Limited. Mr Robert Maxwell becomes deputy chairman and chief executive.

Mr Martin R. Harris has been made a director of Equity & Law Life Assurance Society.

Mr Derek Fowler has become a vice-chairman of the British Railways Board. He retains direct responsibility for finance and planning. He will, in addition, assume various responsibilities in connection with the overall running of the board. With effect from the same date, Sir Robert Lawrence will relinquish his responsibilities as vice-chairman of the British Railways Board to enable him to devote more time to his chairmanship of the National Freight Company. Sir Robert will remain on the board of directors of the British Railways Board, and will continue as chairman of the BR Property Board.

Mr Edward Cummings and Mr Peter Viggers MP have joined the board of Sweetheart International (Gosport).

Mr A. R. Bagshaw has been made a director of the ICI Group's main operating company, International Computers.

Mr P. H. Barnett is now a corporate finance director, Midlands Bank.

Rear Admiral J. O. Roberts has been appointed to the board of Aeronautical & General Instruments.

Mr Paul Roots has been made director of industrial relations of Ford of Britain in succession to Mr Robert J. Ramsey who is retiring. Mr Roots will continue as the company's employee relations director and chairman of the company's side of the national joint negotiation committee.

Mr R. T. Harris, deputy chairman of Gallister, will become chairman of the Mono Pump Group and Mr R. M. Miles, at present managing director and chief executive of Saunders Valve Company, will become chairman and chief executive of Saunders.

Mr H. E. Martin-Leake is resigning from the board of Gallister and from its subsidiaries from February 28. Mono and Saunders are wholly-owned subsidiaries of Gallister.

Mr E. H. Garside and Sir John Stewart-Clark have been appointed non-executive directors of Capsals.

Mr G. J. Stanley has been appointed a director of the Steel Company.

Mr Michael Stratton has been named managing director of Vint Products from March 9.

## Avana circulates bid documents

Formal documents for Avana Foods' bid for Carrington Viyella have been sent out. Avana forecasts that pretax profit for the year to March 28 will amount to not less than \$5.4m before employee profit sharing of about £250,000. Accepting holders of Robertson will receive final dividend of Avana of 3p for the year.

Scottish Eastern Investment Trust: Dividend 4.64p gross (4.57p) net to January 31. Gross revenue £6.48m (£6.21m).

# Likely winners of offshore licence awards

This week sees the second and final leg of the seventh round offshore licence application awards. Interest in some of the second-line oil shares ahead of these awards began to build up towards the end of last week and is expected to mount as the market waits for details of the awards from the Department of Energy.

Oil shares have been dull during the past fortnight, because of a continuing "temporary" glut in oil supplies, that could easily last until the autumn, and there is surplus refining capacity in Europe. Added to that, anxiety over the extent of any further changes to the Government's Petroleum Revenue Tax planned for the Budget has depressed the sector.

The extent of the additional Special Petroleum Tax is known—a 20 per cent royalty to raise £850m revenue—and changes are known, though the PRT will be designed to take a further £150m slice in taxation, to give a total take of £1,000m.

What no one knows is how the PRT burden will be spread between the bigger fields, meaning to a large extent the bigger producers bearing the cost, and the smaller fields. Some of the smaller producers are hoping their smaller interests will escape the PRT net, but it is by no means certain that they will. Of

## Secretarial and Non-secretarial Appointments also on page 6

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## Briefing

course, some of these stocks are protected by having very few or no producing assets as yet, but ideally that situation will change.

So excitement over the seventh round awards this week could evaporate as the Budget approaches. But once the PRT changes are known, though the sector is expected to take another quiet spell, second-line stocks with good exploration acreage are expected to remain

# Enormous potential in the video boom

The video revolution is not just good for the Japanese. Home video tape recorders are now the hardware behind a huge expansion in the highly developed British rental market.

So W. Greenwell's Mr. Keith Sykes has been looking into the sector in his circular *Video: The Rental Concept for 1980*. He concludes that video offers the greatest potential for the rental companies since colour television and estimates that they will be spending £150m annually on the sector by 1984, a two-thirds increase from present levels.

The profit impact from this is substantial since the fixed costs of the showrooms are already covered by the existing business.

Mr Sykes points out that in spite of the explosive growth that has already taken place, with up to 430,000 units imported last year, only 2 to 3 per cent of households have a video. He forecasts VTR placements rising from 500,000 this year to 1.2m in 1984. Even by then, only 20 per cent of households would have a set.

The investment opportunities are divided into four areas: the hardware makers outside the United Kingdom, though a company such as BSR could be involved in the production of video disc machines; software companies such as ACC, Ram and Thorn EMI; software distributors such as intervention on the Unlisted Securities Market, and finally the distributors such as Dixons, Comet and Currys but with the main emphasis on Thorn, Granada, Electronic Rentals, Rediffusion and other renters.

37-page circular on Tunnel Holdings has come from Mr Noel Hayes, analyst at L. Messel. His recommendation is a buy with forecasts of pretax profits rising from £10.5m last year to £13.1m this and £14.2m next taking fully taxed earnings and sharing down the p/e ratio from 13.3 to 9.8 at a price of 28p.

Mr Hayes points out that Tunnel has been transformed in the last few years from a "lethargic highly geared cement company to an efficient, high-return-on-capital business with a rapidly expanding

# Kellogg plans to subdivide shares

The board of Kellogg Trust has for some time been aware that it has become increasingly difficult to deal in the group's ordinary shares and variable rate convertible preference shares. The directors propose that the ordinary shares of 40p each be subdivided into eight shares of 5p each and that the existing variable rate convertible preference shares of 40p each be subdivided into eight variable rate convertible preference shares of 5p each.

An extraordinary general meeting will be held immediately after the annual meeting on March 12 to vote on the proposal.

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The Over-the-Counter Market

Capitalisation 1980	Company	Last Price	Chge on work	Gross Div 79	Yld	P/B
3,700	Airsprung Group	64	+1	6.7	10.5	5.8
1,075	Armitage & Rhodes	43	-	1.4	3.3	17.7
11,609	Bardon Hill	190	-	9.7	5.1	7.1
7,308	Deborah Services	95	-	5.5	5.8	4.7
3,974	Frank Horsell	106	-	6.4	6.0	3.3
7,512	Frederick Parker	52	+1	11.0	21.2	2.4
1,576	George Blair	74	-	3.1	4.2	-
2,675	Jackson Group	107	+1	6.9	6.4	4.1
16,424	James Burrough	119	-1	7.9	6.6	9.8
3,366	Robert Jenkins	330	-	31.3	9.5	-
2,640	Scruttons "A"	54	+1	5.3	9.8	3.9
3,338	Torday Limited	217	+1	15.1	7.0	3.7
2,457	Twinkl Oak	111	-1	-	-	-
1,938	Twinkl 15% ULS	71	-1	15.0	21.1	-
6,256	Unilock Holdings	41	+2	3.0	7.3	6.3
13,033	Walker Alexander	103	+2	5.7	5.5	5.7
6,091	W. S. Yeates	261	-2	12.1	4.6	4.3

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## Consequences of 1980 silver fiasco continue to reverberate

It may not be marked in your diary, but a very important event in the great silver show starring the Hunt brothers and a supporting cast of silver bulls grabbed our attention. In February 1980 we were halfway between the January boom which was the silver market's first punch and the March bust which brought the metal crashing back to \$14. The bankruptcies and the turmoil are history.

## Commodities

But the consequences rumble on. Whether or not one believes that Mr. Nelson Bunker Hunt and his Arab friends did try a good old-fashioned squeeze on silver, they certainly left many people with the abiding impression that the market should be treated with respect. At the very least, some traders feel that market sentiment is more important than long and short—long because it could tempt anyone locked in at a high price to sell and short because that was how the savage squeeze was applied a year ago.

At the same time, supply rose by 100,000 ounces to 479m. The significant statistic here is that while mine output fell from 270m ounces to 255m American production was up 100,000 ounces from 100m to 110m. The lowest since 1976. Supply from secondary sources soared by 81m ounces to 143m. Secondary sources is dull stuff, but it's the stuff that the tinkers on mgmt. mandates/decide

the market. Mr Hunt will not be constrained for ever, and the time may come when he is tempted to take some profits, perhaps to buy more metal at lower prices.

But this is by no means the only, and not the most important, factor which has kept silver remarkably steady, so much so that the current price is about the same as that at the end of that fateful March. Silver for three months delivered closed in London on Friday at \$919 an ounce. Part of the reaction against silver, you will recall, was that the price of the metal had shrunk.

As this huge hoard flooded out last year, the inherent instability of the silver market was vividly illustrated. It was a crucial factor in the Hunk's undoing. The primary deficit—compounded last year—of the nation's total supply from 178m ounces in 1979 to 101m ounces last year, another 10-year low. By the same token, the comparatively low industrial and coin consumption resulted in a huge addition of 123m ounces to private stocks. In a very year, the price of the metal had shrunk.

Cadmium is a case in point. This rather rare metal by-product, of which grammes per tonne are covered. Available to put at 126m tonnes in 1979, the metal is used in coatings and plating. Pounds are employed in paints, plastics and batteries, used in batteries are expected to grow applications in 1980s.

Despite these, the price of the metal has fallen from \$10.00 a pound to \$17.00. A favoured

Most of these changes were a function of prices. In 1972 the average silver price was \$168 an ounce, rising steadily to \$5.40 in 1978. But the following year it leapt to \$11.09, and in 1980 it approximately doubled again to \$20.51.

**Michael Prest**  
*Commodities Correspondent*

FT Index change on week 488.4 -4.8 (1.0%)

[illegible]



## Capitalization and week's change

(Current market price multiplied by the number of shares in issue for the stock quoted)

[illegible]

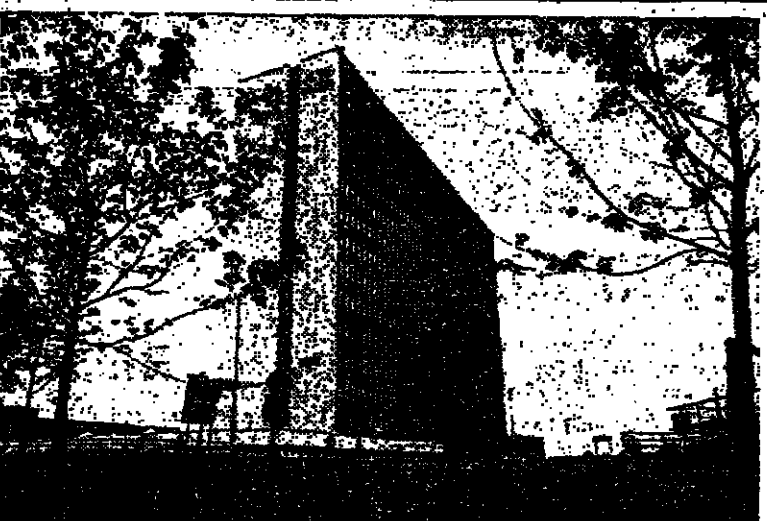


# Commercial property Making full use of the available land

Schemes to make the maximum use of land are very much part of the property market in these economy-conscious days. One such plan just announced is on an industrial estate in Letchworth Garden City, Hertfordshire, where Hunting Gate Developments are planning to develop the premises of J. M. ent, publishers, in Works Road, for a re-appraisal by Dent of its future requirements. The scheme is intended to provide about 100,000 sq ft of warehouse on a site of five acres. It will comprise an existing office and warehouse building of 34,500 sq ft which is to be retained by the company, and a new building of 65,500 sq ft to be built on the remainder of the site. The new building will be a two-storey structure, with a ground floor of 32,750 sq ft and a first floor of 32,750 sq ft. The ground floor will be used for storage and the first floor for offices and a canteen. The new building will be built on a site of 1.2 acres, which is currently used for parking. The scheme is expected to be completed by the end of 1982.

redevelopment will comprise a new warehouse for Dent. The second phase will consist of light industrial and warehouse space, which is also intended for use by Dent. When complete, the scheme will have a total value of nearly £3.5m. Work on the site, which has been occupied by Dent since the foundation of the company in 1906, is expected to start soon, completing the first phase in 12 months and the second soon after. In a large scheme to be available for letting, Dimsdale Developments (South East) in partnership with the Lilley Group are to carry out an industrial scheme worth some £3.5m in Aldershot. The developers have acquired the freehold interest in the Buxted poultry factory in Deadbrook Lane and have obtained planning permission for 76,000 sq ft of industrial and warehouse space on the site, which covers about 4½ acres. Construction is to start next month and units of between 7,000 sq ft and 9,600 sq ft will be ready for occupation in the spring of 1982. Waller Eggar acted for Dimsdale in buying the property and have been retained jointly with Geoffrey Perkins and Co as letting agents. Mr P. J. M. Taylor acted for Buxted. Architects for the scheme are the Peter Jones Partnership.

This is the second scheme to be announced by Dimsdale this year. The other is in Hartford, where the company is carrying out a redevelopment. Smaller units are available on a scheme just being completed by Abbey Properties on a site of one acre near the middle of Bletchley, Milton Keynes. The scheme provides light industrial or warehouse units ranging between 1,750 sq ft and 4,400 sq ft, which are being offered at rents slightly over £3 a sq ft. Letting is through Ernest Owers, Buckell and Ballard (London office), and Brown and Merry. In the London area, marketing has started of the 104,000 sq ft industrial and warehouse scheme at the Thomas Road industrial park in E14, being carried out by Asda Securities. Richard Ellis, the letting agents, are looking for rents from £3.25 a sq ft. Designed by the Julian Keyes Partnership, the scheme includes two units of 12,500 sq ft and 11,200 sq ft respectively, with the remaining 15 ranging in size from about 4,000 sq ft to about 6,000 sq ft. The first units are expected to be ready for occupation in the early spring. Asda Securities bought the site in the autumn of 1979 from Hestair. An older five-storey industrial building of 220,000 sq ft was demolished soon after, and construction work on the scheme began last spring. Richard Ellis also advised on the purchase. On the south coast, IDC Property Investments have let the entire first phase of their Portland Industrial Estate, in Portland Road, Hove, Sussex. This comprises some 18,388 sq ft of warehousing and has been



3M House, Bracknell, Berkshire, acquired by Airways Pension Fund Trustees, previously the head lessee, for about £3.5m.

by Lumley and Hunt at a rent of over £2.65 a sq ft. Lumley and Hunt have also taken a warehouse of 6,765 sq ft at an initial rent of £18,000 a year in the second phase of the development, due for completion in July. The two remaining units will provide 12,600 sq ft of industrial space. IDC are carrying out the scheme in conjunction with Colonial Mutual Life Assurance Society, who were advised by

Knigh and Rutley. Joint letting agents are Edward Erdman, and Siles Horton Ledger, of Brighton. As part of its sale of assets programme, Bracknell Development Corporation has completed the freehold sale to Airways Pension Fund Trustees of 3M House, in Bracknell, Berkshire. The 14-storey building is close to the town centre and comprises 115,000 sq ft net of air-conditioned offices, a covered retail market and an adjacent multi-storey car park. The fund was previously the head lessee, having provided the finance in 1973-74 for the development when the offices were let to 3M United Kingdom. It is understood that the purchase price was of the order of £3.5m. Hillier Parker May and Rowden acted for the Bracknell Development Corporation. New offices are planned in Chelmsford, where the Old Bakery in Railway Street, adjoining Chelmsford railway station, has been acquired by Crossman Development Company. A total redevelopment is intended to provide a self-contained building of some 5,500 sq ft of offices, together with on-site parking. Work is due to start shortly for completion early next year.

Lesters of Chelmsford, acted for unnamed vendors in the sale of the freehold, and the property was freed and acquired by Balfour Evans, who have been retained as letting agents. The National Union of Public Employees, through Anthony Brown Stewart, has negotiated from the London Borough of Greenwich, a peppercorn leasehold interest of 125 years on a site of some two-thirds of an acre in John Wilson Street, Woolwich. NUPE has obtained detailed planning consent for the construction of a new five-storey headquarters building with a gross area of some 30,000 sq ft. The building contract of £2.5m has gone to Walter Lawrence and Son, and the architects are the Carpenter Farrer Partnership. The new building is expected to be ready by the summer of 1982. M. P. Kent, of Bristol, has exchanged contracts with a wholly-owned subsidiary of Reed International to buy for £2.4m a vacant property at 6-10 Norwich Street near Holborn Circus, London EC4. Planning permission has been obtained for a new office block of some 39,750 sq ft gross. Construction is due to start late this year for completion in 18 months. Gerald Ely

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**profitable business** with a high return. Tel: 0181 850 0000.

#### MR WHITLEY

**DEPT. ULS** EDGEMOOR HOUSE, LUTON, BEDFORDSHIRE, MK1 1AA. Tel: 01455 555555.

#### COMMERCIAL SERVICES

**LET US form your business** company. Tel: 0181 850 0000.

#### HOUSEHUNTERS

**Advertising shops are** fast becoming a successful professional alternative way of selling property. Tel: 0181 850 0000.

#### EXCITING PUBLISHING OPPORTUNITY

**Serious and respected literary magazine**, as the Times was, in trouble. Tel: 0181 850 0000.

#### NR. SALCOMBE, DEVON

**Early Victorian village** with a **WORLD FAMOUS PRODUCT** by **GILLETTE**. Tel: 0181 850 0000.

#### PAUL PILOTT & PARTNERS

**48 High Street, Gosport, Hants** PO13 1JG. Tel: 0181 850 0000.

#### FOR SALE

**Well-established Commercial** stationers and Office Equipment. Tel: 0181 850 0000.

#### SMALL ELECTRONIC COMPONENT MANUFACTURING BUSINESS FOR SALE

**South-east London**. Tel: 0181 850 0000.

#### BOURNEMOUTH/POOLE

**Small, modern, well-located** property. Tel: 0181 850 0000.

#### NOTICE

**All advertisements** are subject to the conditions of acceptance. Tel: 0181 850 0000.

#### PROPERTY

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## Public and Educational Appointments



Applications are invited for the following appointments:

**LECTURER IN APPLIED MATHEMATICS (Ref. No. 772).**  
Preference will be given to candidates with interests in Operation Research, Numerical Analysis or controlled theory.

**LECTURER IN PHARMACOLOGY (Ref. No. 773)**  
Candidates should have qualifications in Pharmacology, Pharmacy, Biochemistry, Medicine or cognate subjects. The successful candidate will be expected to accept teaching commitments in the field of biochemical pharmacology and a strong commitment to research is also required.

**LECTURER IN ZOOLOGY (Physiology) (Ref. No. 774)**  
The appointee will contribute to the teaching of undergraduate courses in animal physiology and will be expected to pursue independent research, preferably in some aspect of vertebrate physiology.

The salary range for University Lecturers is £5,505-£11,575 per annum but the appointments will be made initially within the range £5,505-£6,245 per annum. Further particulars and forms of application, returnable not later than 18th March 1981, from the Staff Appointments Office, University of Nottingham, University Park, Nottingham NG7 2RD. Please quote ref. no.

### LANCASHIRE POLICE AUTHORITY

#### DEPUTY CHIEF CONSTABLE

Salary £19,791  
Applications for this office are invited from persons with wide police experience in the United Kingdom. The appointment would be subject to the Police Acts and Regulations for the time being in force and to a satisfactory medical examination. Housing accommodation will be provided or an allowance paid in lieu. Flat rate car allowance and uniform allowance will be paid.  
Application forms obtainable from the Chief Executive/Clerk (Reference 60), County Hall, Preston PR1 8XJ, tel. Preston 34868, extn. 6089, and should be returned completed by the 6th March, 1981.  
BRIAN HILL  
Clerk to the Police Authority,  
County Hall, Preston.

### LANCASHIRE COUNTY COUNCIL

**CHRIST'S HOSPITAL**  
HORSHAM, SUSSEX  
Required for September 1981 (a) an Honours graduate to teach French and Russian, (b) an Honours graduate to teach French. The Modern Language Department is a large and expanding Department with a strong academic tradition. The appointments advertised envisage the possibility of advanced work for suitable candidates.  
Christ's Hospital is an independent charitable foundation with boarding accommodation for 820 boys. By 1985 it will have become co-educational.  
Applications, with curriculum vitae and the names of two referees to: The Head Master, Christ's Hospital, Horsham, Sussex, RH13 7LS.

### UNIVERSITY OF LEICESTER

#### Lectureship in Chemistry

Applications are invited for a Lectureship in Chemistry in the Department of Chemistry. This is financed for the first five years by the Science Research Council under their Special Replacement Scheme designed to retain first-class young scientists in academic life. The conditions of service, including probation and tenure, are the same as for other lectureships within the University. Initial salary will depend upon qualifications and experience on the scale £5,505 to £11,575 with superannuation benefits.  
In addition to the normal duties of a Lecturer in Chemistry, including teaching, the successful applicant will be expected to collaborate during the first five years with Professor Martyn Symons and provide biochemical expertise in research on metallo-enzymes and on radiation effects on DNA. Details of this collaboration and research can be obtained directly from Professor Symons.  
Further particulars from the Registrar, The University of Leicester, University Road, Leicester, LE1 7RH, to whom application should be sent on the form provided by 30 April, 1981.

### UNIVERSITY OF DURHAM

#### LECTURESHP IN MUSIC

Applications are invited for a post of Lecturer in Music from 1 October, 1981. It is hoped to appoint a person with a special interest in original composition and in teaching composition at both undergraduate and postgraduate levels. The initial salary will be at an appropriate point on the Lecturers' scale (£5,505-£11,575 per annum) together with normal pension arrangements.  
Applications (three copies), together with the names of three referees, should be submitted not later than 12 March 1981, to the Registrar and Secretary, Old Shire Hall, Durham DH1 3HP, from whom further particulars may be obtained.

### FOR UNFATHOMABLE VIRTUES

We are looking for an Examination Assistant to take responsibility for the administration and organization of the examination for the award of the N.E.B. Certificate.  
5,000 candidates per year at 1,500 centres means a huge volume of work. The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results. The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.  
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### BELMONT ABBEY HEREFORD

Graduate biologist required for September, 1981, to assist with the teaching of biology at 'O' level and 'A' level and to teach some aspects of the subject. The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.  
The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.

### University of Bristol

#### CHAIR IN RADIOLOGICAL PHYSICS

The University proposes to make an appointment to the Chair in Radiological Physics which will be vacant on 1 October, 1981. The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.  
The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.



Applications are invited for the following appointments:

**PRINCIPAL**  
The office of Principal of the University College will become vacant in October, 1982, following the retirement of Professor R. W. Steel.

A committee of the College Council has been set up to recommend an appointment to this post. Anyone wishing to have his or her name considered for the post or who wishes to submit names for consideration is invited to write in confidence to the President of the College.

Sir John Habakkuk, M.A., D.Lit., F.R.S.,  
President of the College,  
Room 35,  
Singleton Abbey,  
University College of Swansea,  
Singleton Park,  
Swansea SA2 8PP.

### DAVENANT FOUNDATION SCHOOL

#### HEAD OF RELIGIOUS EDUCATION

(Scale 4 plus London Fringe Allowance)  
Applications are invited from suitably experienced and qualified teachers for this key post in a boys' Grammar School (years 7-11) now developing as a free-standing day school with over 100 in the Sixth Form. The successful candidate will be responsible for the Department, teaching to 'A' Level, within the developing ethos of the School, and will contribute to the social and personal development of pupils as well as initiating and co-ordinating religious activity within the School community.  
Further details and application forms are available from the Headmaster, Mr D. W. Bolton, M.A. (Oxon.), at the School—Chester Road, Loughborough, Leics. LE10 2LD.  
Closing date: Friday 13th March.

### CRANLEIGH SCHOOL

#### HONOURS GRADUATE IN MATHEMATICS

required in September to take a leading role, teaching at all levels up to Scholarship standard, in large and successful Department. SMP syllabuses to O Level, MEI thereafter. The school has mini and micro-computers; an interest would be welcome. Accommodation available. Cranleigh salary scale (above Burnham).  
Applications with c.v. to the Headmaster, Cranleigh School, Surrey.

### UNIVERSITY OF LONDON

#### The London School of Economics

#### LECTURESHP (TWO) IN INDUSTRIAL RELATIONS

Applications are invited for appointment from 1 October, 1981. Candidates must be capable of teaching in the general field of industrial relations, but a special interest in the managerial aspects of the subject would be of advantage in one of these appointments.

#### LECTURESHP IN MANAGEMENT SCIENCES

Applications are invited for appointment from 1 October, 1981, in a Lectureship in Management Sciences in the Department of Economics and Statistics. The successful candidate will be expected to teach both undergraduate and postgraduate students and to contribute to the research and continuing research interest in a major mathematically-based subject area. Practical experience in applying management science to a wide range of problems in industry and commerce would be an advantage.

### CHARTERHOUSE

#### ENGLISH CLASSICS teacher for September

to teach English to Scholarship Level plus Latin to Lower School and First Year Sixth. Accommodation available. Applications with curriculum vitae and names of two referees to Headmaster, Charterhouse, Godalming, Surrey.

### BRISTOL POLYTECHNIC

#### DEPARTMENT OF ECONOMICS AND SOCIAL SCIENCE

#### RESEARCH ASSISTANT IN SOCIOLOGY

—Ref. No. R31/101  
Applications are invited for the post of Research Assistant to join an interdisciplinary team of sociologists and economists working on the sociology of health and the experience of patients with various types of disease. The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.

### University of Birmingham

#### ADMINISTRATIVE ASSISTANTS

Applications are invited for two posts in the Registry. The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.  
The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.

### University of Nottingham

#### CANCER RESEARCH CAMPAIGN LABORATORIES

#### EXPERIMENTAL CANCER THERAPY POSTDOCTORAL BIOCHEMIST/PHARMACOLOGIST

Applications are invited for a post-doctoral appointment to investigate the use of monoclonal antibodies as carriers for cancer therapeutic agents. Previous experience in immunology or biochemistry or biochemical pharmacology is required. The successful applicant will join a group including immunologists and cell biologists and there will be opportunity to participate with other groups involved in studying tumour biology. The post is funded by a grant from the Cancer Research Campaign.  
Salary within the scale £5,505-£9,958 per annum.  
Application with curriculum vitae and names of two referees should be sent to Staff Appointments Officer, University of Nottingham, University Park, Nottingham NG7 2RD, not later than 30th April, 1981. Ref. No. 775.

### University of Aberdeen

#### EXECUTIVE DEAN FACULTY OF MEDICINE

Applications are invited from registered medical practitioners for the post of Executive Dean of the Faculty of Medicine. The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.  
The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.

### University of Durham

#### LECTURESHP IN LAW

Applications are invited to fill the post of Lectureship in Law from 1 October, 1981. The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.  
The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.



Applications are invited for the following appointments:

**INDUSTRIAL RELATIONS EXECUTIVE**  
Times Newspapers Limited requires an Industrial Relations Executive. The successful applicant will have had considerable experience in industrial relations, ideally in the newspaper industry. A knowledge of computerized systems would be useful but not essential.

It is likely that this appointment will interest applicants with earnings in excess of £12,500 per annum. The company offers six weeks holiday, pension and life insurance schemes and BUPA membership.  
Please write giving full personal and career details, which will be treated with the strictest confidence, to:

Mr Bill O'Neill, Joint General Manager,  
Times Newspapers Limited, P.O. Box 7,  
New Printing House Square, London WC1X 9EZ.  
Closing date for applications March 5th, 1981.

### THE SUNDAY TIMES

#### ASSISTANT EDITOR/RESEARCHER

for author writing a novel required for a 4-6 week project in Ireland. Salary negotiable, travel, accommodation provided. Journalistic or screen writing preferred. Reply to F. J. McDonald, Courts and Co., 1 Old Park Lane, London W1.

### TRANSLATOR TRAINEE

TO £5,200 + benefits  
City graduate French, subsidiary German, etc.

01-589 9222  
KP PERSONNEL AGY

### university college of swansea

#### Chair of Education

Applications are invited for the Chair of Education and the Headship of the Department of Education. The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.  
The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.

### University of Bristol

#### DEPARTMENT OF SURGERY

Applications are invited for the post of Consultant Senior Lecturer in Surgery. The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.  
The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.

### University of Nottingham

#### Department of Physiology and Environmental Studies

Applications are invited for a post of Lectureship in the Department of Physiology and Environmental Studies. The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.  
The successful candidate will be responsible for all aspects of the process, from the receipt of the question papers to the marking and the distribution of the results.

### University of Nottingham

#### POSTDOCTORAL BIOCHEMIST

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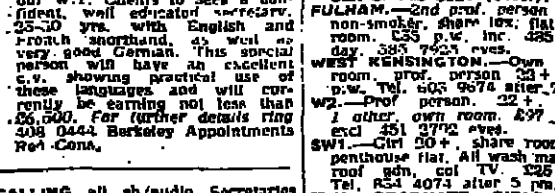
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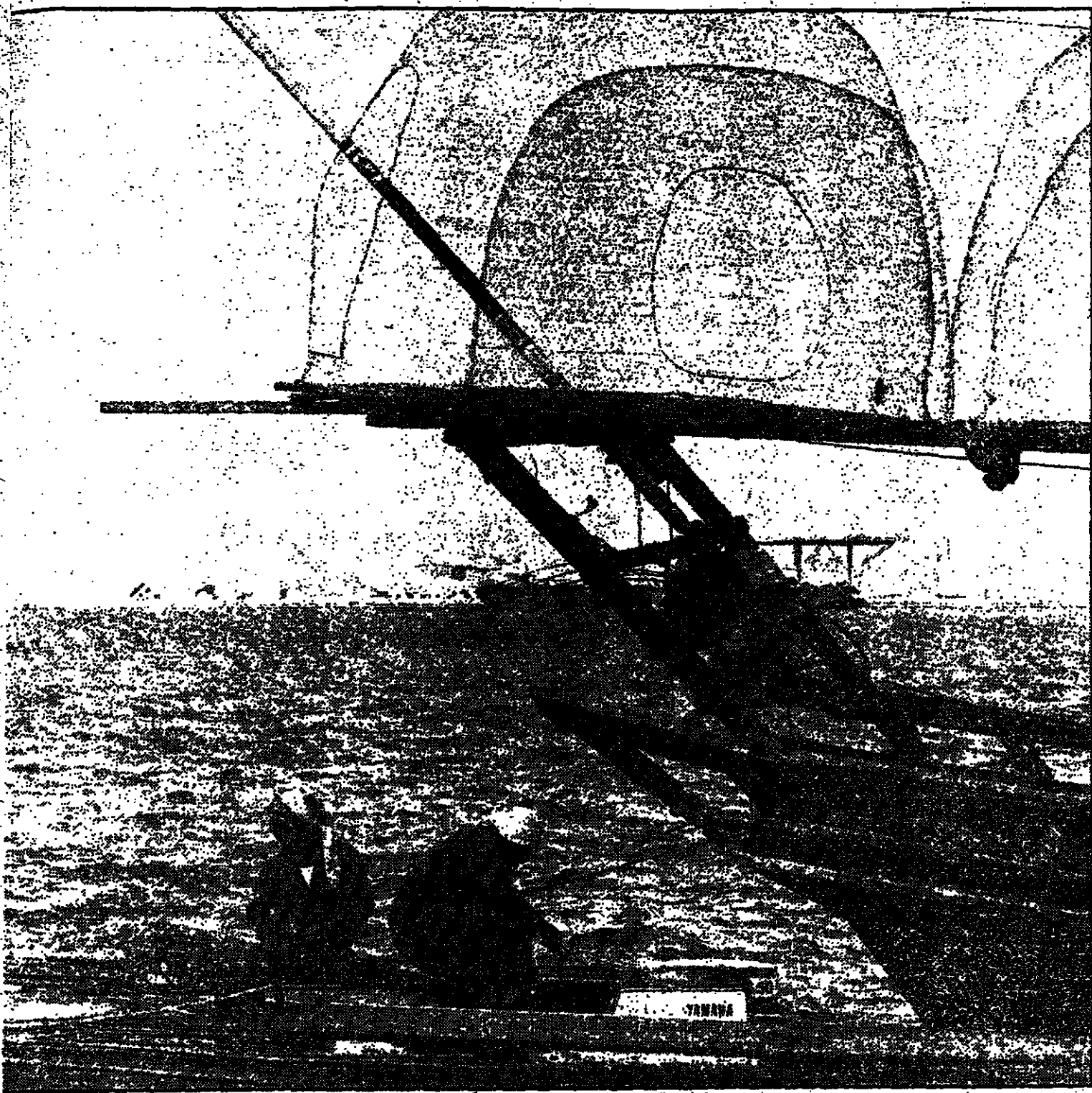








# UNITED ARAB EMIRATES



## On other pages

The past 10 years: a brief history of the emirates...  
Foreign relations: moderate policies in the Middle East. Map  
Economy: financial planning replaces old stop-go attitudes  
Oil: exciting new period of growth. Gas: biggest reserves in area  
Banking and agriculture...  
Heavy industry and light industry...  
Construction and communications...  
Anglo-UAE relations: trade  
Education: development levelling out. Health: priorities change  
Tourism: the country's attractions and plans to market them  
Doing business in the UAE: guidance for newcomers  
Expatriate life, and recent books on the region  
Architecture: where styles change faster  
Defence: obstacles to total integration. The UAE press  
A look at the seven emirates: Abu Dhabi, Dubai  
Sharjah, Ajman  
Fujayrah, Umm al Qaywayn, Ras al Khaymah

II  
III  
IV  
V  
VI  
VII  
VIII  
IX  
X  
XI  
XII  
XIII  
XIV  
XV  
XVI  
XVII  
XVIII  
XIX  
XX

"The old state of things cannot continue there", said a disconsolate British Prime Minister, Clement Attlee, in 1946, "but we cannot withdraw and leave a vacuum". When the British finally did pull out in 1971, leaving the Trucial States to form loosely into a federation of first six, later seven, emirates, it was not without misgivings, writes David Hewson.

Few who were close to the Middle East thought that the emirates possessed the political will towards integration which would be necessary to enable the new country to forge an independent path through what had been a turbulent region since the turn of the century. The seven were too diverse: there was Dubai, an archetypal entrepot economy, worldly wise, cosmopolitan and as ready to earn a living on trade as on oil, and Abu Dhabi, introverted yet the most powerful and, through its oil reserves, destined to become the most wealthy.

Then there was Sharjah, third most wealthy and home of a radical Arab tradition, which regarded the West and colonialism with a deep, though not hostile suspicion; and the four less-developed emirates, Ras al Khaymah, Umm al Qaywayn, Fujayrah, and Ajman, all of them entering the new federation without so much as a proper road system to link them to their more powerful neighbours.

In 1971, the casual observer searching for long-term stability in the Middle East might have been more tempted to look elsewhere, across the Gulf, to the giant neighbour of Iran where, it seemed, a strong and stable regime sat comfortably with the open support of the West.

Hindsight is one of the Gulf's more precise sciences, but few would now claim to have foreseen the emergence of the United Arab Emirates into what it now represents: the natural rivalry of Abu Dhabi and Dubai which has,

more than once, come close to a defection from the UAE ranks. Abu Dhabi was the leading proponent of the UAE from its outset and is the centre for most of its federal offices. Its economy, purely in terms of size of oil revenue, dwarfs those of both Dubai and Sharjah.

Yet in the face of these odds the federation has not only survived but prospered and moved towards integrating many important governmental areas between the emirates, establishing federal water, agricultural, and defence policies, forming a central bank and creating an educated federal civil service which, while occasionally bowing to local pressures, seeks to work for the whole of the UAE and not just one part of it.

As if to cement the trend, the Ruler of Dubai, Sheikh Rashid, took up the mantle of Prime Minister last July, balancing the Abu Dhabi majority within the Government, and, perhaps as important, giving notice that Dubai, for the time being, is a full and active member of the federation.

Could any of the seven secede? Dubai perhaps, before Sheikh Rashid's appointment. It has the money and the governmental service, but such a move is now thought to be highly unlikely. Abu Dhabi, as the founding force of the federation, is unlikely to abandon something which it had such a large role in creating. And the remaining five are likely to stay cast in the role of poor country cousins for some time to come. To leave would only be to break off relations with wealthy and generous relatives.

In addition to such motives, there is the real problem of leaving what has, until now, been a safe and successful sanctuary in a part of the world where security has been an aspiration rather than a fact.

Economically the UAE has prospered to the point where its oil production levels have more to do with Western energy needs than an Arab desire for revenue. Dirt tracks have been replaced by fine modern roads; social services have been introduced which offer free medi-

cal care for all, even those who are not UAE nationals; native industries have been supported with subsidies; and the federal Government has set itself targets on bringing electricity, medicine and education to its most remote citizens.

Work is under way to diversify the country's industrial base to provide wealth for that far-off day when the oil runs out. It is likely to be well into the next century. At current exploitation levels, the UAE's reserves will run for about 35 years, and newly explored reserves are expected to prove viable which could take the UAE well beyond then.

There is no real religious division to separate the emirates; the question of succession is always a difficult one, particularly in Abu Dhabi where there are two families which could compete for the rulership, but it is not thought to be one which poses any great difficulties for the federation's future.

And yet there is a clear sense of concern within the leadership over and beyond that which might be expected to stem simply from the geographical situation of the country. Within the federal Government, this concern is being channelled into growing talk of the problems of immigration, and it is not difficult to see why.

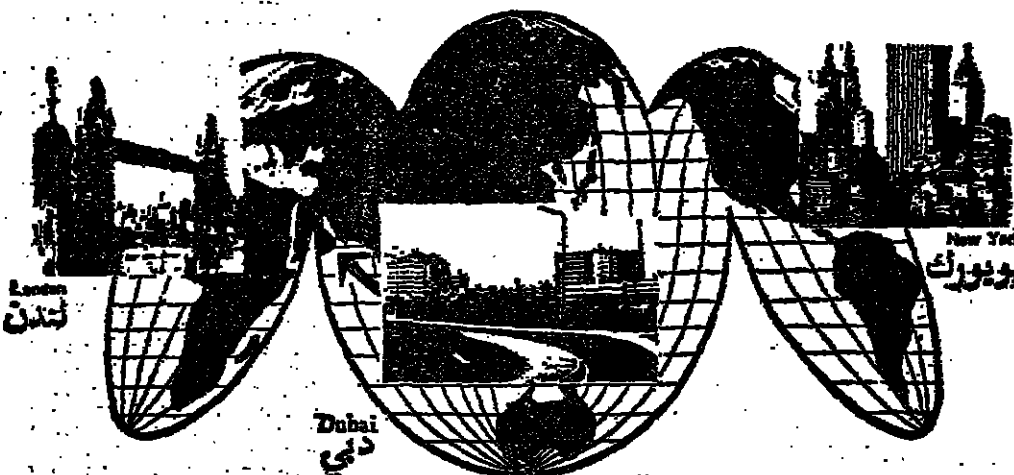
In 1968 the population of the emirates which now make up the UAE was about 180,000, 90 per cent of it local. What the equivalent is today has not yet been made public since the federal Government has so far declined to release the findings of its latest census.

Reliable sources indicate however that, while the local population has stayed fairly stable in size, the vast boom in immigration has led to their proportion of the overall population being whittled down to about 15 per cent. This becomes even more dramatic when one takes into account the fact that more than half of that 15 per cent consists of women and children, neither of whom take an active role in running the country, and that there is a large rural population.

continued on page IV

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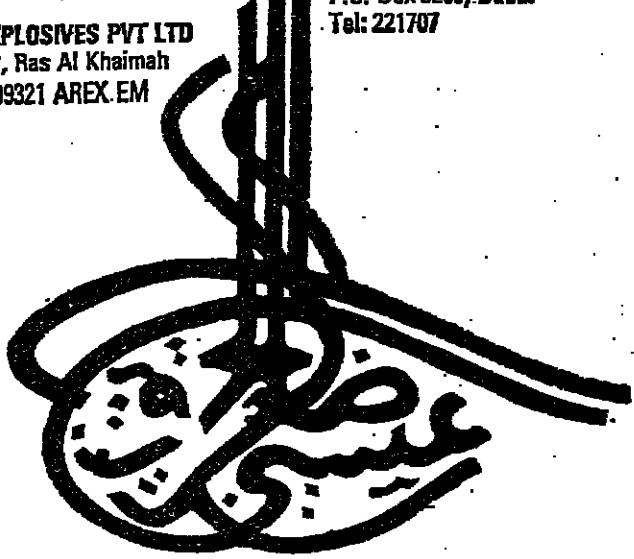
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### Penelope Turing looks at the first decade

## Initial doubts seen to be unfounded



Ten years is a short time in the history of the northern shores of Arabia where millennia have passed leaving little mark.

Prehistoric man and ancient cultures have dwelt there and archaeologists and historians are piecing together some of their story. But for the most part the sands of time and of the desert have overlaid them.

When the United Arab Emirates was founded at the end of 1971 a number of people, among them some who knew and loved these small states well, thought the confederation would not last. Now, as the federation's first

decade is almost completed, perhaps the best measure of its success is that these same people can say with pleasure that their doubts were unfounded.

International observers can judge a state by its economic and political power. Those who establish their lives in a country and in communion with its people are better able to know its inner health.

There was the background of the Trucial States Council, but the real beginning of the UAE came in February, 1968, when Shaikh Zayed of Abu Dhabi and Shaikh Rashid of Dubai met on the border of their two states and decided to merge their emirates into a federation which others would be invited to join.

By the end of that month seven other rulers had signed an agreement in principle to join the federation — those of Sharjah, Ajman, Ras al Khaimah, Umm al Qaywayn, Fujairah, and also Bahrain and Qatar.

If that early stage was followed by three years of exhaustive discussion, the gestation of the new state, during which both Bahrain and Qatar withdrew, preferring to test their futures independently, though many close links have remained.

In July, 1971, agreement was reached among the rulers of six emirates — Ras al Khaimah was to join later — and gave their approval for the provisional constitution of the United Arab Emirates. This was announced on December 2, 1971.

Oil was the prime factor which brought the new state to birth. It forced these small countries and their peoples into a world relationship. It has brought great wealth and with that both enormous possibilities and no less great responsibilities. Contrary to a superficial Western view ostentation and luxury are wholly foreign to the true Islamic way of life.

It is probable that it was the dangers of their new heritage quite as much as the opportunities for development which drew together those who held responsibility for their people. Many who talk at leisure with thoughtful Arabs of this region know

how often they regret the inescapable golden burden of oil.

But they have been quick to grasp its value and to use it wisely for the welfare of their own small indigenous population. They have instituted free and up-to-date health and education services with the most advanced equipment that can be adapted to their needs, and hired experts and workers in the world markets to carry out the work.

Roads have been built, probably as much to unify the member states as to facilitate their modern development. Housing, airports and airports have been built, extended and adapted to growing needs.

All this has come gradually. At the end of the first two years the central Government was taking over much of the administration, from former regional authorities. A unified postal service had been established, and UAE stamps and currency issued. It was committed to extensive aid programmes to poorer Arab states. Tourism was already under discussion, though that is one side of development which is only now becoming practicable.

By 1976 the picture was unfolding and a unified UAE character emerging. One aspect was generosity in a responsible form. In 1975 more than a quarter of the federation's gross national income was spent on direct foreign aid, not only to Arab states but also to countries in Asia and Africa.

The country had taken its place firmly in the arena of Middle East politics, giving full support, both moral and material, to the Palestinian people, being an active member of the Arab League and working for fuller cooperation in The Gulf. This was after overcoming a period of differences with Saudi Arabia.

Alongside this world role remained much of the simple directness of the traditional Arab way of life, with citizens free to take a problem directly to the Ruler's majlis and tell him about it naturally and in a personal way. This in a country which then had the highest per capita income in the world of \$22,060.

Since then the whole operation has gathered momentum and strength. The most important part

transforming small desert communities into a country with big angular modern cities, huge plant, advanced communications services, thriving commerce has been realized. And at the heart of it is something which prompts a long-term resident to say that the country's way of life is not only internally better off but more comfortable in a philosophical sense.

It may be true to say that though oil has been the deciding factor in the emergence of the UAE as a world state it is people with their needs and problems which have created the special character of the country, the blending of a diversity of peoples.

At the centre is a small number of indigenous Arabs of the region, led by their traditional rulers. Their numbers are tiny in comparison with, for example, Egypt, or many far less influential European lands, above all in relation to the teeming inhabitants of the Indian subcontinent. The UAE's population is about a million, but a big part of this number is made up of expatriates.

The highly individualistic tribal Arabs of the Gulf have drawn into their country vast numbers of workers from Pakistan and India, expert advisers, designers, contractors from Britain, America, France and a number of other countries, and more experts and administrators from other Arab lands — Jordanians, Palestinians, Lebanese, Egyptians, Syrians. This is the amalgam which constitutes the million inhabitants.

The mixture is too recent and the parts too diverse in their ways of life, experience and cultural background to make feasible any democratic government in the popular Western sense. The state will stand or fall by its leadership.

This has always been the pattern of nomadic Arab life from which the indigenous people of the emirates spring. Their power and their conquests depended not on numbers but on strategy and tactics carried out by strong leaders supported by loyal followers, and at its best this succeeded not by a rule of fear but by the combination of wisdom and authority on one side and trust on the other. Probably the most important quality in those bred to lead was a deep and shrewd gift in the judgment of character.

In 1950 the buildings in Dubai are traditional...

Readers of many of the UAE's official publications find in the opening pages two portraits facing each other: one the handsome equine features of Shaikh Zayed bin Sultan al-Nahyan, Ruler of Abu Dhabi and President of the UAE from its foundation, the other the older, more humorous face of Shaikh Rashid bin Sa'id al-Maktoum, Ruler of Dubai and Vice-President of the federation, also since its beginning. In April 30, 1979, Shaikh Rashid was appointed the UAE's Prime Minister also, and it is significant that two months later the first cabinet of ministers was formed.

It is these two men who have led the young federation through the problems of the initial years to the present stability. They are highly contrasted personalities, and, as one resident remarked, in 1947 they were fighting each other with camel corps, but it may be the very difference of the two men that has strengthened the country. Rumour sometimes attempts to capitalize on these differences, but there are deeper ties, not always known to the outsider.

There are two ancient tribal and religious confederations in this part of Arabia. Shaikh Zayed and Shaikh Rashid by hereditary belong to one of these, and the ruling houses of the remaining five states of the UAE are associated with the other.

Shaikh Zayed has a reputation for his diplomatic gifts going back to his early relations with the British. He has travelled widely in Europe and among the Arab capitals, and he has a real and active concern for the betterment of his people. It is in great measure because of his unerring efforts that the UAE became a fact rather than a mirage.

Shaikh Rashid is not fond of courts and ceremonial. A devout Muslim, his way of living is as simple as is comparable with the dignity of Ruler. He has a rare perception of human nature, a gift for finding the right man for a key post then trusting him to fulfil it.

... now, 30 years on, tall blocks of flats and offices line Dubai Creek.

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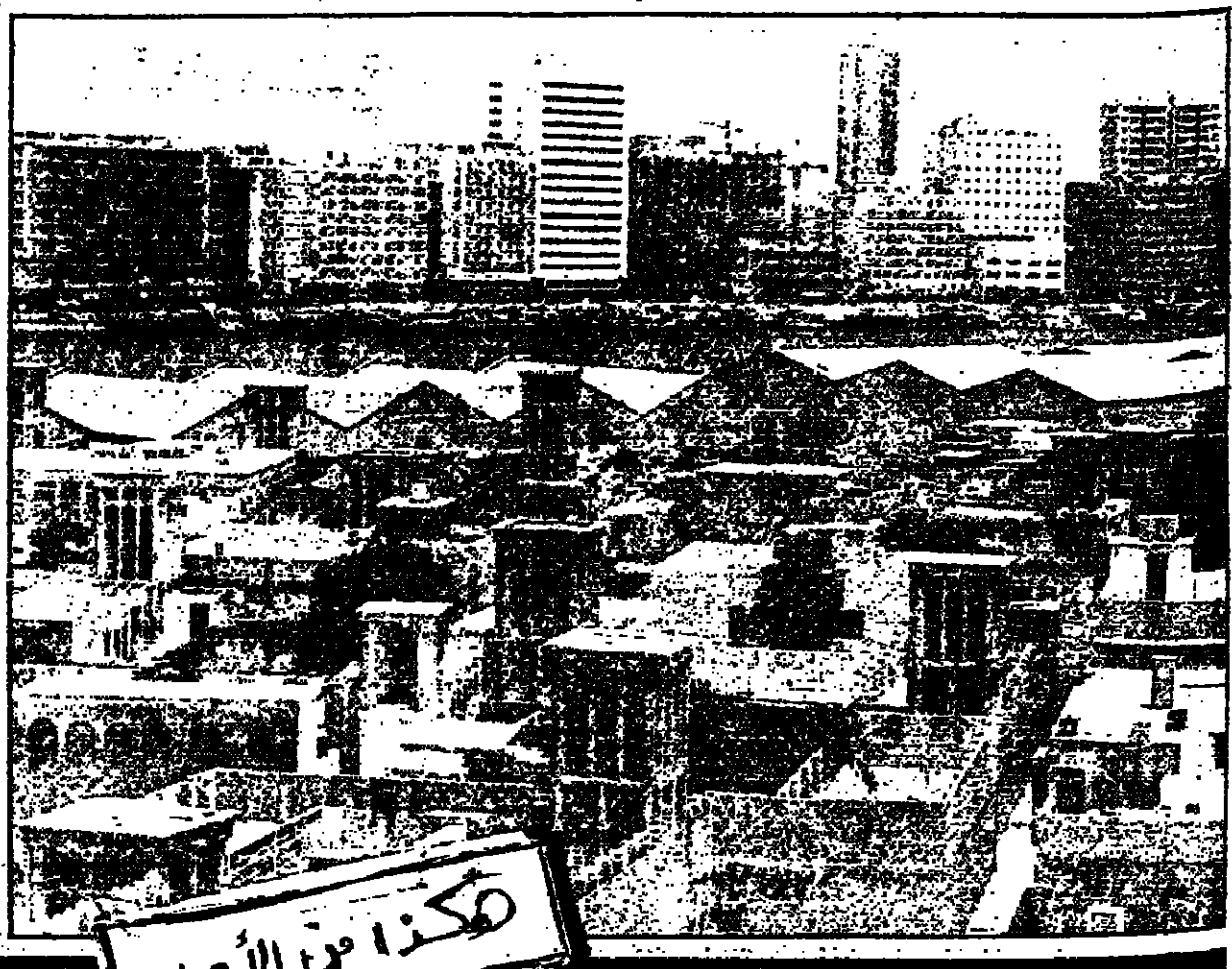
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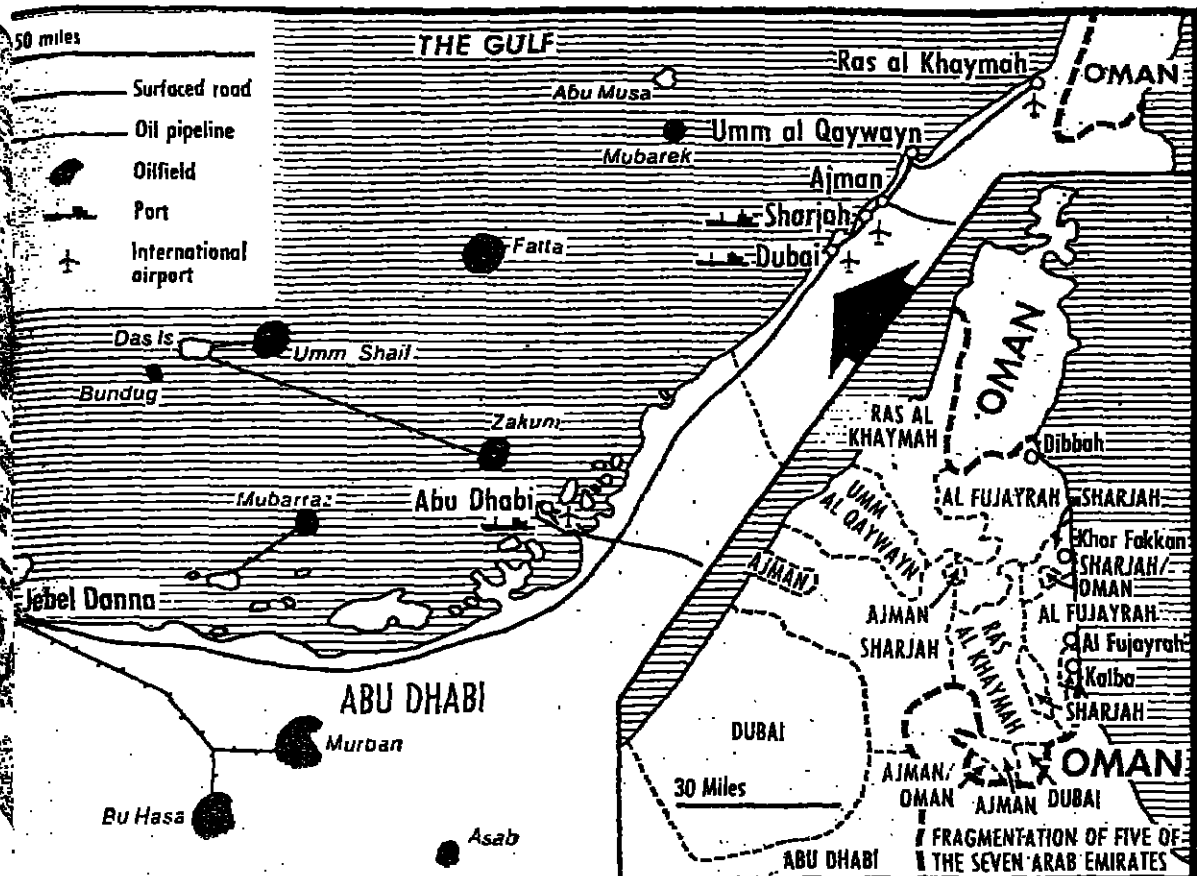


هكذا من الأصل



Foreign policy

# Neutral line steered through political minefield



UAE played a custom- low key role in last th's Islamic summit at in Saudi Arabia. The erence, which was led by leaders of 42 ic countries, was inated by the question alestine, with the Saudi nian delegation calling a jihad, or holy war st the Israelis.

ne fact that the delega- then went on to rede- the term into some- z less than actual mobi- ion is to some extent a ure of compromise Gulf states such as the : which, while opposing it sees as the Israeli- tion of Palestine, still s out hopes for a poli- solution.

ie foreign policy of the ares has been tradi- ally moderate and cau- s, seeking to steer a al Islamic line through minefield of Middle- ern politics. The federa- has studiously striven emain impartial in the -Iran conflict. Emo-

tionally, the support would probably lie on the side of Iraq, but a strong sense of pragmatism has curtailed any public pronouncement of such views. Dubai has a large Iranian population, but it consists mostly of middle-class traders with little love of the Khomeini Government.

The war did have serious consequences for shipping movements in The Gulf which, initially, almost stopped dhow trade out of Dubai, mainly into Iran, but this has picked up, though not in its former level.

The most serious implications of the Iran-Iraq war for the UAE and other Gulf states lie in further deterioration of the stability of an already unstable region. The federation itself has little worry about internal disruption but fears that it and its neighbours could fall victim to outside interference. This fear of superpower intervention dates from the Russian invasion of Afghanistan and was har-

dened by the warning of the former President, Mr Carter, that he would use force if necessary to protect America's oil needs in The Gulf.

Of the two, the American attitude has proved the most politically damaging. The Gulf states have taken a pro-Western line for many years, complicated only by the issue of Israel, and long regarded Russian interference in the region as a possibility. The effect of Mr Carter's comments, in the eyes of many Gulf leaders, was to bring the United States down to the level of Russia—to the position of a superpower willing to intervene militarily in another country simply out of self-interest.

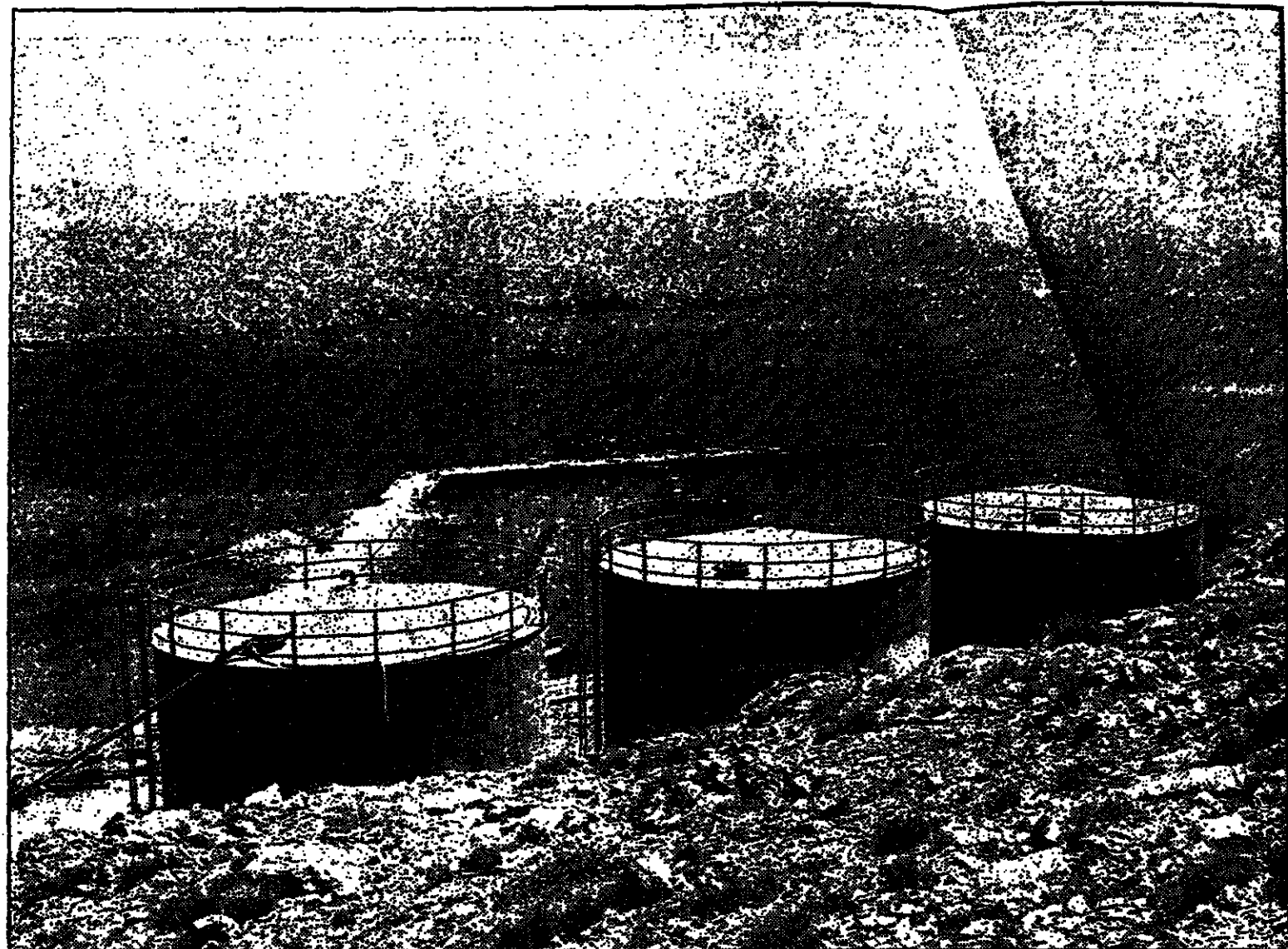
American talk of rapid deployment of forces on standby in The Gulf was interpreted as a threat, not against subversion, but against existing governments. One UAE official asked: "How could such forces be used, otherwise?"

They could not be used to stop a revolution, or they would have been used successfully in Iran. Equally they are not the sort of forces which would be used against an insurgency movement.

There were signs while President Carter was in office that he was modifying his attitude towards The Gulf, propelled by the general dismay which it caused within Europe.

The stance of President Reagan's administration has yet to become clear, but from the initial comments a strictly neutral line between America and Russia. Whether such a position is untenable or not, it is likely to be held for some time to come.

The UAE may not be of one mind on foreign affairs, but the federation usually succeeds in putting on a united public face. When Mr Ahmed Khalifah Suwaidi resigned as Foreign Minister last April, inter- emirate rivalry was more to blame than any disagree-



ment over foreign policy. He has not yet been replaced, and is unlikely to be, although he maintains an important role in the UAE's foreign affairs stance.

Relations with Europe have strengthened with the EEC initiative on the Middle East, though those who are actively pursuing the Palestinian question—and they are by no means all of the Arab population of the UAE—have some reservations about whether the initiative will succeed.

A UAE federal official who is a Palestinian says: "If the European initiative works, then good. But we must not rely upon it to do everything for us; we have to have our own approach as well."

Links with neighbouring Gulf states are becoming closer, motivated more, perhaps, by self-interest than a cultural desire for unity. The fears of outside intervention in the region resulted in growing pres-

sure for Gulf cooperation on defence issues and other areas.

At Taif, the UAE, Saudi Arabia, Kuwait, Bahrain, Qatar, and Oman formed a new block to operate a policy of "collective co-operation". An outline of the plan contains five principles on security matters.

1. Collective security for the Gulf states can follow only if each individual state enjoys security and stability. If the security of one state is threatened, the collective security of all will be jeopardized and consequently the security of other countries in the region.
2. Collective security can be achieved only by Arab states responding to states under threat with help to combat local and imported sabotage and international force.
3. Increased cooperation among police forces, including the strengthening of in-

formation exchange and the streamlining and coordination of action.

4. Cooperation to establish collective security denying international criminals and saboteurs access to Arab states.
5. Cooperation in any way to combat crime and to maintain security and stability.

In addition, the agreement will involve the coordination of armaments purchases, defence arrangements, and border disputes.

It is not the first time such a mutual scheme has been mooted. Oman and Iraq both put forward proposals in recent years which foundered, Oman proposing a scheme to ensure security of navigation in The Gulf and the Straits of Hormuz, and Iraq suggesting the creation of a Gulf security force.

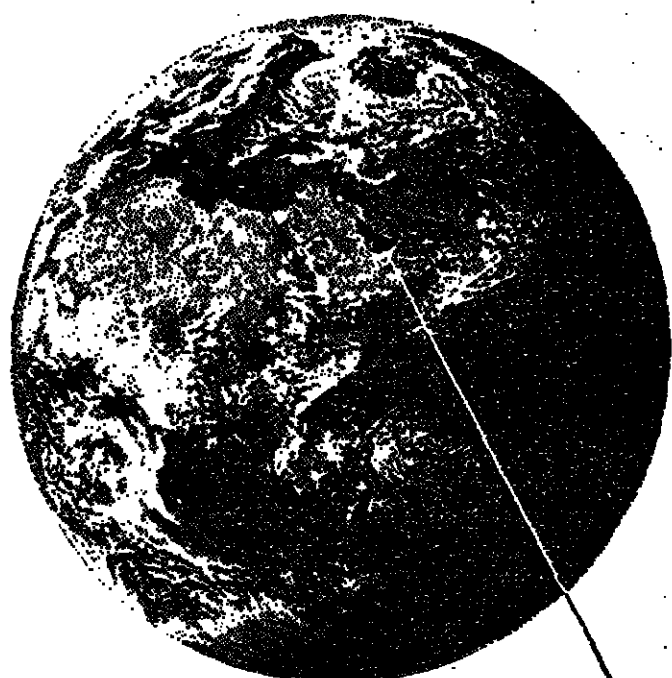
The new pact does not impinge upon internal rights to arrange defence and security measures, but nevertheless it does indicate the growing desire for con-

certed action to provide security and stability, based not upon the presence of Western forces, but the installation of a coordinated system of defence forces controlled by the Gulf states themselves.

From the point of view of the UAE, two obstacles had to be overcome in agreeing to the pact; the fear that Saudi Arabia might seek to dominate the agreement, and the approval by Oman of the Camp David agreement.

With these obstacles overcome, the way would be cleared for cooperation on other issues, the first of which might be the construction of a pipeline from the troubled waters of The Gulf across country to a terminal in Oman of the UAE emirate of Fujairah.

David Hewson



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## The economy

## New emphasis on planning

Like most Gulf states, the UAE is expected to show a marked upturn in economic activity during 1981. As in the past this will be seen in an expansion of industrial contracting and the adding of what are now almost the federation's installations and services.

What is likely to make this growth year different from previous ones is the attitude of the government officials controlling it. Proper financial planning is the strategy of the day in contrast to the stop-go attitude of the past which has resulted in some expensive white elephants.

Some federal officials are disarmingly frank about the fact that the governmental system has yet to acquire the necessary skills to carry out the task with the finesse they would like. But they are relieved that the growing federal government role has at least enabled the planning of key sectors of the economy to be carried out with the emirates as a whole in mind. Rivalries remain, but such mistakes as the duplication of industrial facilities, leading to emirates competing against each other unnecessarily, are not likely to be repeated.

The performance of the economy is likely to be an important factor in the federal Government's five-year plan to be published in June. Oil fires the UAE's revenues and is likely to do so for some years; but industrial diversification is much in the minds of the Ministry of Planning which already has its eyes 30 to 45 years forward, when the existing reserves run out (at present production levels).

The five-year plan will detail the federation's objectives on diversification. It is also expected to call for the creation of new specialist state banks covering the funding of industry, agriculture and real estate which may be operating before the end of the year. Last December, the UAE Currency Board was transformed into a new Central Bank after two and a half years of discussion between the emirates. On paper it is quite a step forward in the continuing integration of the seven members.

The Central Bank retains the currency issue role and will supervise and regulate banks and banking practices through the federation. It will also take on a growing role as financial adviser to the Government.

An important change in the operation of the bank over the previous Currency Board is that it has been guaranteed a share of government income. The Government will make a permanent deposit with the bank of \$2,000m within two years which will keep rising at 10 per cent a year until it reaches \$4,000m. Additional requirements for the needs of the economy are also guaranteed by the Government.

Although it has not been published as part of the Central Bank's stated sources of finance, there is an understanding that Abu Dhabi and Dubai will transfer to the federal budget 50 per cent of their net oil revenue earnings. This would then be deposited in foreign exchange with the Central Bank which would credit the federal Government in UAE dirhams.

Like many of the steps in integration, this is much in the nature of an aspiration rather than a specific promise. Some oil revenues, will one in which they will attempt to remit as much money as possible to their homes. Those who fall foul of the law are swiftly deported.

Rather from the UAE national's point of view, the threat is a cultural one. It is a question of a feeling of being swamped by another race, a vague proposition, apparently, for all but those who experience it.

Certainly some of the trappings of Western life have been contained; alcohol is no longer available in restaurants outside hotels and night club acts are monitored to make sure they are not too risqué.

The initial response has been to introduce new regulations which have been blatantly discriminatory when enforced. The regulations stated that no immigrant could change jobs without first leaving the country for a year. They have been enforced only in the case of the poorer immigrants from India and Pakistan; no Europeans can recall having any difficulty in changing jobs and staying in the country.

But there are signs that the Government will tighten up further on the question of immigration and that the subject will be mentioned with some force when the federation's first five-year plan is published later this year. Any blue-collar worker

certainly reach the Central Bank from Abu Dhabi and Dubai but whether they will reach the level of 50 per cent of net earnings remains to be seen.

Last year total oil receipts of the country amounted to between \$18,000m and \$19,000m. The country's total imports account was \$8,500m, leaving a trade surplus of about \$10,000m. There are a large number of capital outflows because of the large expatriate community which sends remittances to its various homes and the open economy which allows free speculation on overseas markets.

Taking these into account, the federation's overall investment surplus last year, after capital outflows, expenditure commitments, and such items as foreign aid, was probably in the region of \$4,500m.

This year oil prices will rise internationally, but production within the UAE will fall slightly and imports will continue to grow substantially. Defence expenditure and spending on large industrial schemes is also expected to rise.

The level of oil revenues is expected to be about the same as last year, resulting in a small fall in the overall surplus, perhaps to below the \$4,000m mark.

For the foreseeable future, the only fluctuating factor in the UAE's trade profile is likely to be imports which will continue to increase with a rapidity and volume which could be tolerated only by an oil-producing nation of some considerable wealth.

The movement of inflation within the economy is extremely difficult to chart efficiently, since there are no price indices on which

calculations may be based. The annual rate of inflation is provisionally estimated to have been between 25 and 30 per cent between 1977 and 1979, falling to 15 or 16 per cent in 1978 and 1979.

In 1980 there was a rise towards the 20 per cent mark, fuelled by rising construction costs, high rents in Abu Dhabi where office space remains at a premium, the inflationary effect of imports and rising government expenditure.

But overall there is a growing awareness of the need for controls on spending. Total bank credit in the past year has fallen below the level of inflation, rising to 123 per cent. Total government spending last year was in the region of 38,000 dirhams, compared with 29,000m dirhams in 1978. This increased level of expenditure does reflect a large number of considerable capital projects. In essence, the federal authorities are aware of the need for efficient spending and feel that they are working more effectively than in previous years.

Business confidence remains excellent but for the one usual caveat which affects all of the Middle East: will external influences interfere with the UAE politically?

The confidence of the local population in the UAE is buoyant. Despite the attractions of such areas as the Eurodollar market for investors in recent times, capital outflows from the UAE have proved much less than was expected, and certainly well below the rate of demand for supposedly safer Western markets which has been noted in other Gulf states.

The advisory national parliament, the Federal National Council, has attempted to take some kind of a lead, calling for a permanent constitution, legislative powers for itself and the abolition of internal borders. But its demands have not been met and, even if they were, the young radical groupings argues, the FNC merely exists, for the moment, of appointees.

Such murmurings are quiet and distant, but are not likely to go away. Though no details have yet been made available of the constitution which will come into force when the present one runs out later this year, few expect any major changes in the direction of the federal Government.

The UAE tends to attract the same kind of comment as the British broadcasting system: people are not quite sure how it works but they know that it does. All that can really blight the picture for this remarkable federation is the vast and unknown current hanging over the country, no matter how stable it appears, which is caught up in the tangled web of causes and emotions which makes up the Middle East of today.

David Hewson

## No major changes expected in the direction of the federal Government

continued from page 1

If these estimates are correct, and judging by the sensitivity with which the issue is being handled by the Government, the number of UAE nationals who take a dominant part in running their country's industry, economy and civil service must be very few.

The experience of anyone dealing with these sectors would suggest that this is correct. The large-scale immigration which by now has pushed the federation's population over the million mark is by no means accidental.

The vast influx of workers—mainly from other Arab countries and India and Pakistan—was necessary if the federation's schemes of building adequate roads, an active industrial sector, and a thriving financial community were to succeed. The difficulty has been that the flow of immigration has been self-perpetuating. The more workers were needed for construction work, the more housing and medical facilities needed to be built—hence the need for more construction workers.

The problems of such a large immigrant population are not political, and it is hard to believe they ever will be. Most of the workers concerned view their stay in the UAE as a temporary

one in which they will attempt to remit as much money as possible to their homes. Those who fall foul of the law are swiftly deported.

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But there are signs that the Government will tighten up further on the question of immigration and that the subject will be mentioned with some force when the federation's first five-year plan is published later this year. Any blue-collar worker

harbouring a desire to make the UAE a permanent home is likely to find that the plan makes clear the Government's policy of sending home most immigrants as soon as the need for their labour is expended.

Another issue causing concern for the Government is the nature of the educated young UAE national, one of a new breed who has been brought up alongside Western ideas of democracy.

Elderly politicians are visibly worried by developments among the young, notably in Sharjah. A magazine published there, *Al Azma al Arabia*, has been something of a caution, calling for wholesale political integration of the emirates and the introduction of a democratic system to supersede the ancient *majlis* whereby each ruler holds a regular court accountable to his people.

The demands, in Western terms, are far from revolutionary and are accompanied by a genuine respect for some of the present leadership's achievements. Yet *Al Azma* has seen itself banned temporarily under a new and stricter press law, and a number of professors at the Al Ayn university have been dismissed for expressing views judged to be too liberal.

The instability of the region surrounding the UAE may go part way to explain-

ing such measures, but there are many who feel that the Government has over-reacted in a way which it will feel necessary to retract at some stage.

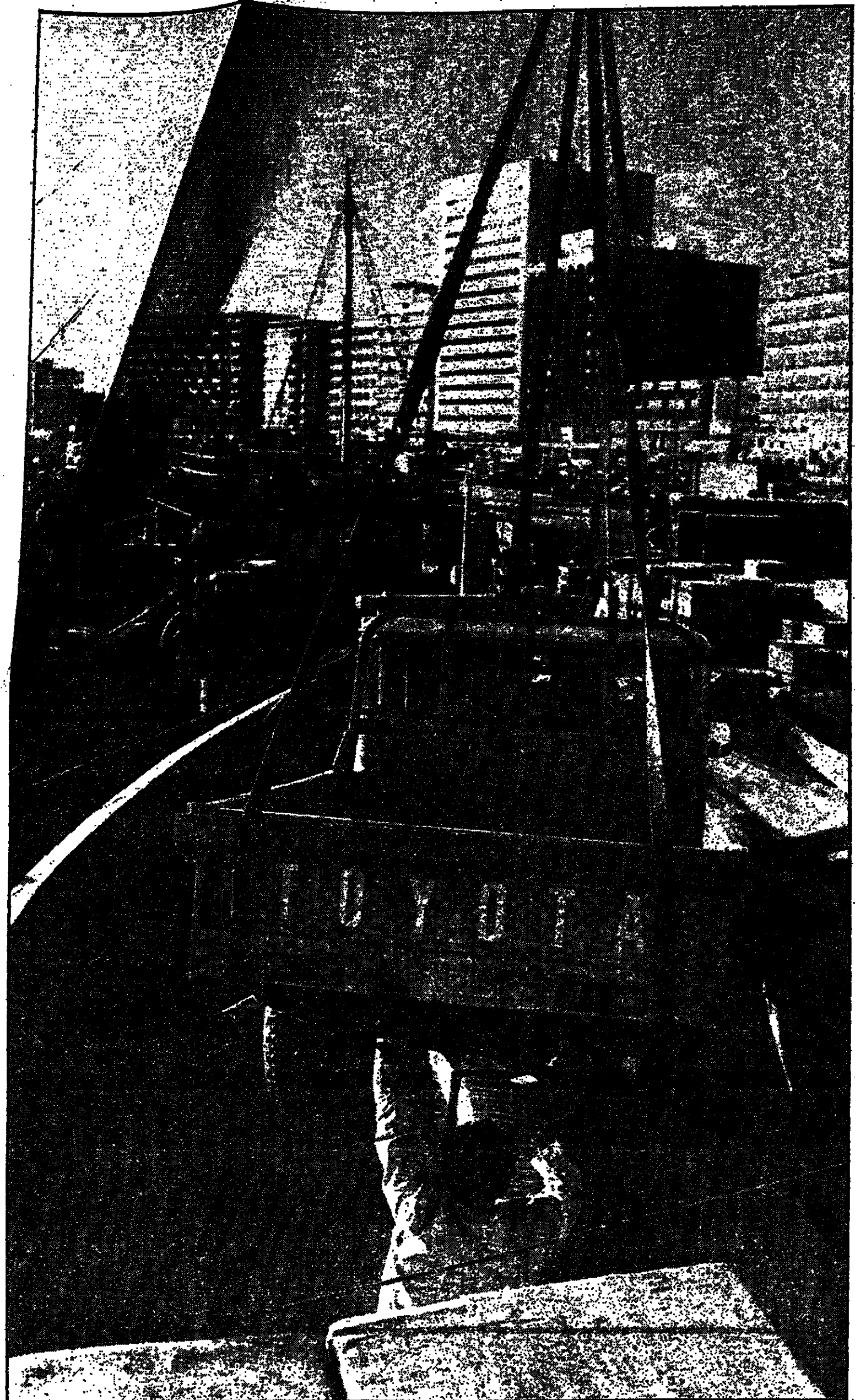
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Unloading cargoes in Dubai Creek.



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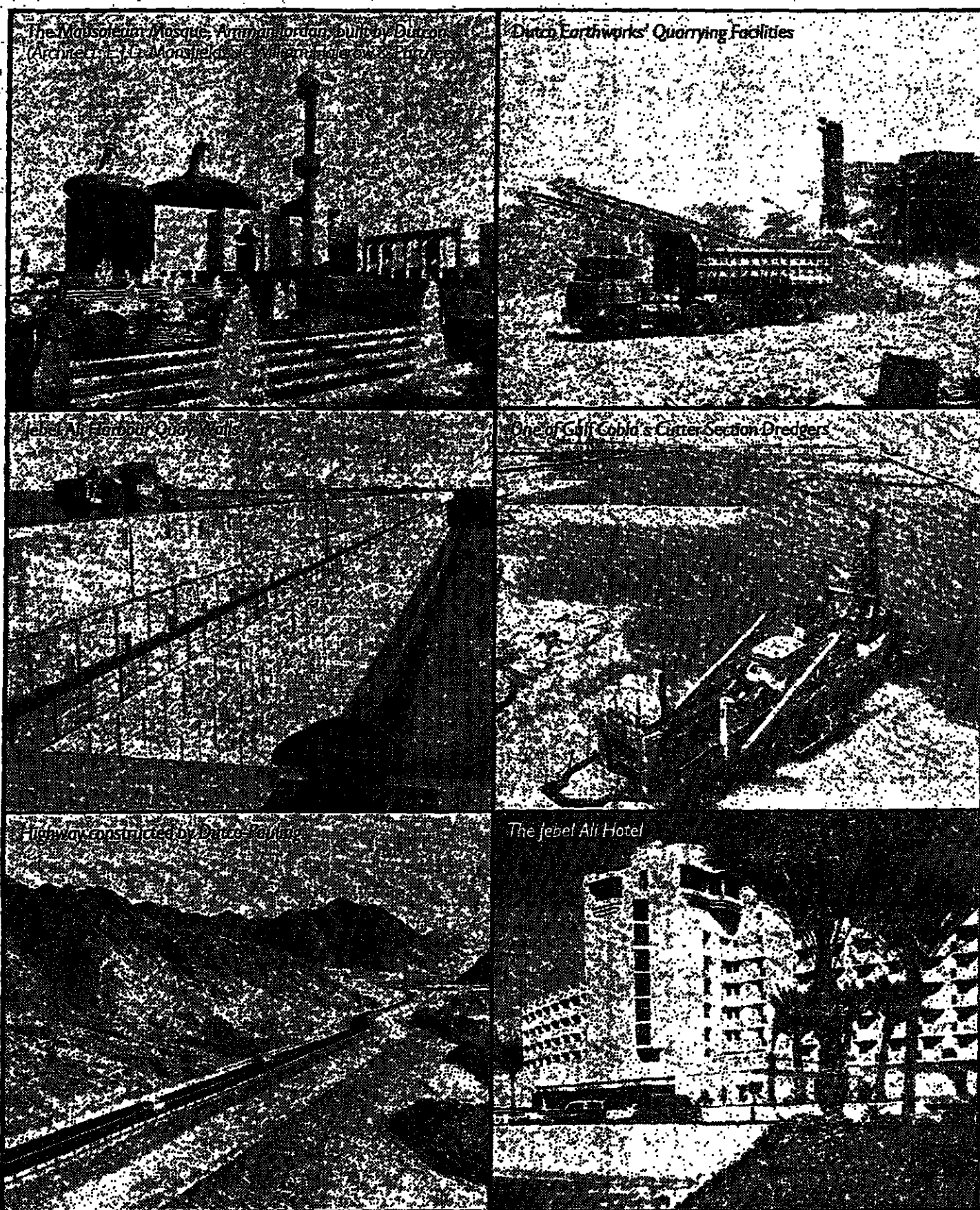
Among an influx of workers are Pakistanis, some of whom are seen here planting highway gardens in Port Said Road, Dubai.

مركزنا من الأصل



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## Banking

# Step towards a common monetary policy

Long-awaited transformation of the United Arab Emirates' Central Bank took place on December 15, 1980, when the bank was renamed the Central Bank of the United Arab Emirates. The new bank is headed by Mr. Ahmad Al-Fahad Al-Salem, who was previously the managing director of the former Central Bank of the United Arab Emirates.

The new bank is a result of the merger of the Central Bank of the United Arab Emirates and the Central Bank of the State of Kuwait. The new bank is a result of the merger of the Central Bank of the United Arab Emirates and the Central Bank of the State of Kuwait.

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given the powers more effectively to regulate the commercial banks since for the first time a minimum capital requirement of the equivalent of \$4.5m for commercial banks has been established.

For the handful of banks which fail to meet this requirement there is a stipulation that 10 per cent of annual net profits must be put aside until the minimum is reached.

The first bank to respond to these new criteria was the tiny Ras al Khaymah-based Bank of the Arab Coast, started in 1975 with a capital of only \$570,000.

By the end of 1980 its balance sheet had grown to only \$5.9m and its foreign shareholders, including Credit Libanais of Beirut, appeared unwilling to continue.

In January, 1981 new shareholders came forward and the bank was recapitalized at \$11.5m. Interestingly this brought in, besides new UAE shareholders and directors, including Khalifah al Naboodah, the Dubai merchant, a number of prominent Kuwaitis including Mr Jawad Bukhaseen, the owner of the Kuwait Holiday Inn.

A more controversial aspect of the Central Bank law is that commercial banks will no longer be able to lend to members of their board. They are also prohibited from lending more than 20 per cent of their deposits for real estate financing.

Most UAE banks say that since the 1977 banking crisis, when two banks closed, they have reduced considerably their real estate portfolios. This has been helped by the creation of a real estate fund by the Government which has allowed the commercial banks to transfer certain bad loans, made to nationals at the height of the boom. A number of banks continue to make useful revenue from their real estate management departments and the whole issue of real estate finance is clouded in a certain amount of mystery, according to a leading estate agent in Abu Dhabi.

The shake out since 1977 has seen no reduction in the number of banks operating but some of the 52 commercial banks are probably no more than money shops. At the top the banking sector is dominated by the big six, National Bank of Abu Dhabi,

National Bank of Dubai, the Abu Dhabi-based Khalij Commercial Bank, the Abu Dhabi-based Arab Bank for Investment and Foreign Trade, BCCI and Union Bank of the Middle East. Other names such as National Bank of Sharjah and the Dubai Bank have also made steady progress.

International branches have been established by the Bank of Oman, which is based in Dubai and has no connection with the Sultanate. Bank of Oman is the first Dubai bank to obtain a licence to open an offshore banking unit in Bahrain and is already represented in Bombay and London and has a finance company in Hongkong.

As banks with a truly international profile, National Bank of Abu Dhabi and the Abu Dhabi Investment Company are established names. National Bank of Abu Dhabi had, in December 1980, balance sheet footings of more than \$6,000m—a remarkable tribute to the efforts of its international division headed by Mr Clive Smith which has been actively encouraged by Mr Ahmad Assad, the National Bank's chief executive.

National Bank is in the process of opening an office in Washington DC and has had a presence in London for several years. A useful contribution to group earnings is made by the bank's Egyptian and Sudan branches.

Banks such as Khalij Commercial are investing in on-line computer systems to improve the service to their customers. Mr David Alexander, the general manager, is proud of the \$830,000, which Khalij has invested in its software. Each branch of the bank is connected to a central computer and on presentation of a cheque the customer's account can be read instantly.

The strongest base of the native commercial banks in the UAE is trade finance. The branches of foreign banks which have set up in the UAE are also to some extent in competition and the arrival of the Central Bank has led to fears that wholly-owned foreign banks may be restricted in their activities.

A bank such as First National Bank of Chicago says, however, that its prime reason for being in the UAE is to serve its corporate foreign clients, when they do

business in the UAE. This is so they do not compete in the UAE bankers' "back yards".

The UAE's attempt to establish an offshore banking enclave to match Bahrain has, however, met with limited response. It is known that some Japanese institutions now in Bahrain would like to move to Dubai or Abu Dhabi but the Central Bank has to date shown no willingness to consider extending the enclave. There are now only four restricted licence banks in the UAE (reduced from 12 in 1977) including Banco Commerciale Italiana, Banco Urquijo of Spain, American Express and Amsterdam Rotterdam Bank. The departure in 1980 was Bank of Nova Scotia which has decided to consolidate in Bahrain.

The representative office has proved a more popular vehicle for bankers although it limits them to acting as a "post box" and listening post. The spread of representative offices shows a sprinkling of leading banks, including Chemical Bank, Bank of America, Chase Manhattan, Credit Suisse, Union Bank of Switzerland, Country Bank of the United Kingdom, Credit Lyonnais and Banque Nationale de Paris as well as Belgium and Den Norske Credit Bank.

The motives of the international banks vary. Credit Suisse is doing a lot of work with bullion and yet finds time for a trade promotion role to help Swiss exporters. In Dubai, Belgium's only banker in the emirates, Mr Hugo de Clercq, is a travelling envoy to the whole Gulf, including Iraq. Mr de Clercq also serves as his country's honorary consul-general in Dubai, proving that in the UAE a banker may be required to issue visas as often as to give advice on letters of credit.

Through the UAE Bankers Association the banking community has a channel of communication with the Central Bank. Meetings are well attended, particularly as the bank uses the meetings to issue statements on new policy. With the equivalent of about £2,500m deposited in local banks at the end of 1980 there is plenty to look after even if most of that money is held by the big six commercial banks.

J. W.

## Agriculture

# Scientific advance but at high cost

Agriculture, for the past few years almost a novelty industry within the UAE, is likely to take on a new importance when the federal Government publishes its five-year plan in June.

The problems that such an arid, mainly desert area faces in growing crops are the provision of water supplies and the underdeveloped farming technology prevalent in the rural areas.

Abu Dhabi pioneered new agricultural techniques at the desert oasis of Al-Ayn and has had notable success in pioneering methods of turning arid desert into a medium fit for horticulture. But while the scientific advances have been worthwhile, the economics have been less satisfactory.

Even taking into account the savings made by growing locally, the additional cost of the technology of some of the early agricultural schemes still left the end product more costly than its imported equivalent.

Al-Ayn remains a private venture of Abu Dhabi but the rest of the federation's farming ventures now come under the supervision of the Ministry of Agriculture and Fisheries.

Experiments carried out jointly with foreign firms Banque Bruxelles Lambert and universities have made the best of the benefits which can be drawn from an annual rainfall which rarely rises above 100 millimetres and frequently is much less.

Soil and water surveys are being carried out to estimate the level of the water table and whether more aquifers are viable. The construction of three dams, at Fujairah, Ras al Khaymah and Dibba is under investigation. Drip irrigation techniques which can reduce water usage by 70 per cent have been developed.

Farmer receive state subsidies which bring seeds and fertilizers down to 50 per cent of cost price, and grants of new machinery. Live stock are treated free and the ministry is willing to carry out certain activities such as ploughing, crop spraying and some mechanical maintenance.

The result has been a massive increase in output in the face of a slight rise in the size of the workforce. Hectares under cultivation rose from 2,000 in 1968 to 23,000 in 1979 with a further

26,000 hectares devoted to forestry. The value of the agricultural output rose from 138m dirhams in 1972 to 67m dirhams in 1978. The main products are dates, mangoes, guavas, vines, figs and a wide range of vegetables.

But the policy of wholesale subsidy has led to the propping up of some inefficient elements within the sector and an absence, in some farmers, of proper financial planning.

To counter this, the federal Government is to set up a marketing institute, under the control of the Ministry of Agriculture and Fisheries, which will set the price structure for all domestic agricultural output. Such blatant state intervention in the trade process seems rather incongruous in a state so devoted to the ethics of free enterprise, but the formation does give a measure of how seriously the federal Government is starting to regard agriculture.

The reasons are as much social as economic. The UAE will never be able to be self-sufficient in food production and, despite talk of the necessity for food security, it is unlikely to face supply problems as long as it has considerable assets to pay for the imported goods.

What a concerted agricultural programme offers the Government is an opportunity to develop traditional industries in the poorer northern emirates which have no oil reserves to provide them with instant wealth. In the past, they have had to depend largely on hand-outs from Abu Dhabi and Dubai.

Civil servants are increasingly conscious of the need to retain local industries and culture rather than allow the all-encompassing sweep of oil wealth to dominate every aspect of national life.

Agriculture, though a tiny part of the federation's economy, is possibly the only sector where UAE nationals have retained overall control of their industry.

Rural depopulation is almost unknown, though there has been a serious fall in the number of fishermen who, were once the key to the area's prosperity. The number of active fishermen fell from 6,545 in 1972 to



Fish in a Dubai market. The sea is an area in which the emirates could become self-sufficient.

3,955 in 1978, though total production rose from 40,900 tons to 64,436 tons.

The sea is one area in which the UAE could easily become self-sufficient; the clear waters of the Gulf teem with life and remain relatively unpolluted by the heavy oil tanker traffic which traverse them daily.

Modernization is again a key part in the Government's strategy. New fishing methods and equipment have

been introduced, fish breeding projects are under way, and a joint marine exercise has been undertaken with neighbouring states to determine the potential of the Gulf.

Both farmers and fishermen are keen to adopt any new methods which give them proved benefits. Any who feel that the ministry deliveries do not hesitate in complaining over the ministry's heads to their Ruler at his majlis. The habits which are hard to break are those concerning education. While new ideas about agricultural colleges have proved less popular.

A fully-developed agricultural sector would mean a smaller workforce of highly skilled technicians. But the wages for those who receive a good education are lower in agriculture than in other sectors. The number of agricultural graduates employed by the ministry has fallen over the years. While the potential in fishing, horticulture, and animal husbandry is promising, the sector remains a tiny part of the federation's economic life and will anxiously await this year's budget and five-year plan to see if its promised new importance materializes.

David Hewson

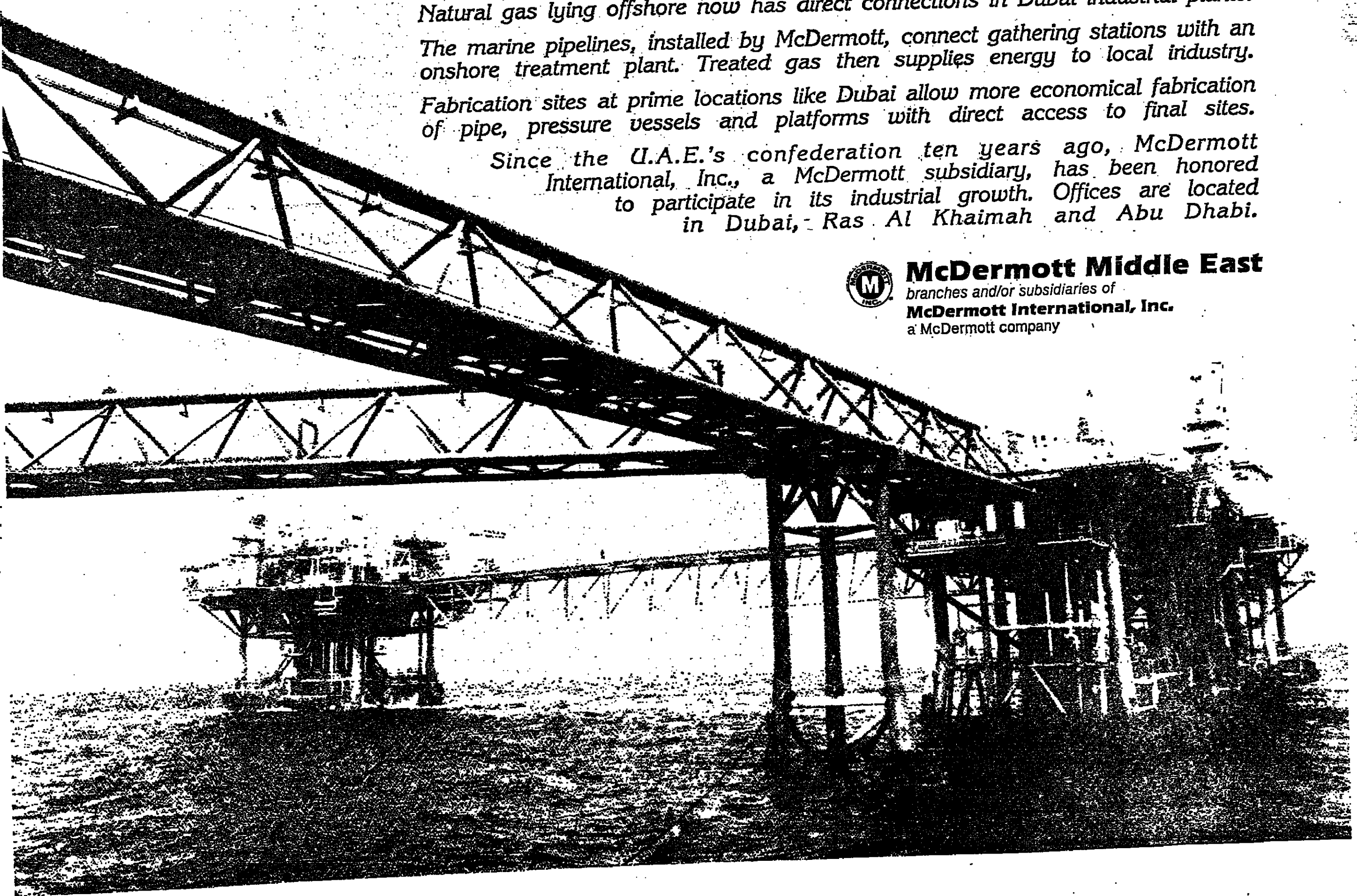
# McDermott Companies in the U.A.E.

Natural gas lying offshore now has direct connections in Dubai industrial plants. The marine pipelines, installed by McDermott, connect gathering stations with an onshore treatment plant. Treated gas then supplies energy to local industry. Fabrication sites at prime locations like Dubai allow more economical fabrication of pipe, pressure vessels and platforms with direct access to final sites.

Since the U.A.E.'s confederation ten years ago, McDermott International, Inc., a McDermott subsidiary, has been honored to participate in its industrial growth. Offices are located in Dubai, Ras Al Khaimah and Abu Dhabi.



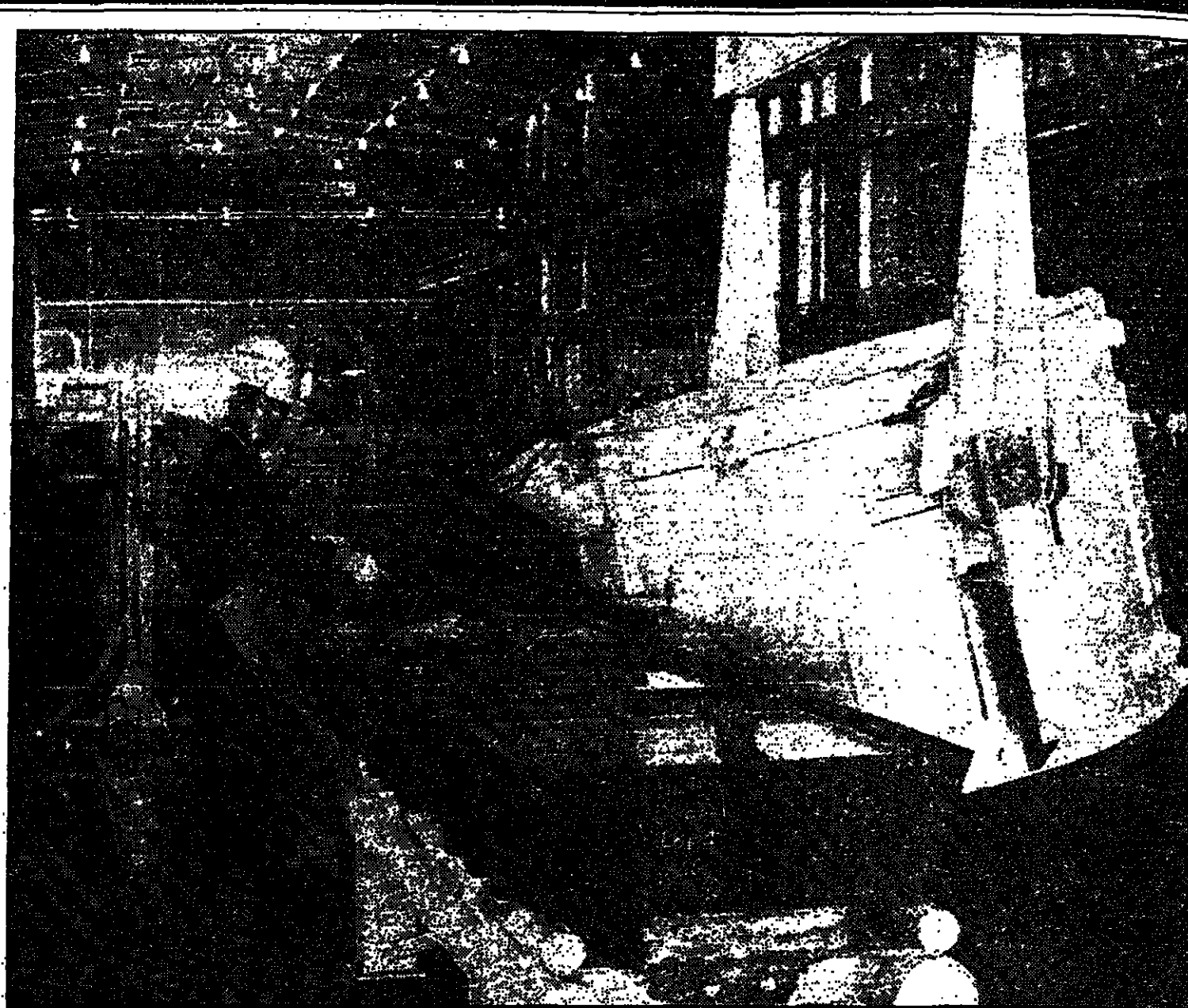
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A container ship at Jibel Ali port. Above right: liquid aluminium being handled at the Dubai smelter.



## Heavy industry

# Little hope of finding home markets

Mr. Humaid al-Drai, Dubai's Minister of Industry, is categorical in his view on the future of industrialisation in the emirates. "In 25 years Dubai will have returned to the sand", he says. It is characteristic of the emirates that such views are permitted to coexist with the conventional wisdom that the foresight of Sheikh Rashid, the Ruler of Dubai, has expressed in the ambitious 66-berth Jibel Ali industrial port and the dry dock capable of handling very large crude carriers—so huge that they have yet to be built.

Mr al-Drai's argument also challenges the assumption that Dubai's preeminence in the Gulf as a trading centre is founded on the natural talents of its merchant elite. "No", he says, "before oil our wealth was the result of gold. Without either Dubai will be nothing". It is perhaps encouraging that the emirate governments have avoided surrounding themselves with courtiers, drawn from the fable about the emperor who walked without his clothes.

Indeed with a population reckoned by the December 1980 census at 1,040,000 there are only 322,000 women and 180,000 families for a country the size of Scotland or the state of Maine. This means that the prospect of finding much of a home market for industry is slim despite the high per capita income—likely to be

something in the region of \$21,000 a head in 1981 based on a notional division of the population into the estimate for oil income.

In Dubai a brave attempt has been made to establish a bold marketing drive which has attracted a number of regular container line users. The industries themselves are dwarfed by the massive \$630,000 aluminium smelter which has still to reach full capacity, but in 1980 was making a little over 1,000 tons of metal a week.

Yet Dubai Aluminium (Dubal) which sells on to the world market, rather like a gold mine or an oil well, is somehow irrelevant to the future of industry in Dubai proper. While it is true that Dubai has stimulated the growth of a number of related industries, such as aluminium extrusion, and provides desalinated water to the city, the real evidence of a take-off at Jibel Ali would be the arrival of more industries making fabricated steel, prefabricated homes and electrical cable.

Dubal has recovered from a bout of bad publicity surrounding the Government's decision to cancel metal offtake agreements reached some years ago (before the rise in aluminium prices) with Southwire and Alcan UK. As part of this move Dubai is buying minority foreign interests in the plant. The Government has since appointed an advisory board of prominent international bankers and businessmen to the Dubai Aluminium Authority which has the job of giving the Ruler independent advice on policy.

It is hard to escape the feeling that Jibel Ali was born, or at least conceived, during the boom of the 1970s when expectations were different. The dry dock is an even more poignant reminder of the days when ships queued to unload at Dubai. Completed since 1979 and said since to be "on the brink" of finding an operator, the dock passed the second anniversary of its completion without any ink of a signing to take place soon. Awarding the management contract to the West Country C. H. Bailey Group, Mr John Wiseman, Bailey's representative in Dubai, said early last month that he expected a signing to take place soon.

In Abu Dhabi industrial planning has been left largely in the hands of the state-owned Abu Dhabi National Oil Company (ADNOC), and it is easy to believe that the richest emirate has thought out an industrial strategy. The journey out of the city along Airport Road passes through well-planned areas of showrooms and warehouses. Since 1976 when Sheikh Zayed, the Ruler, ordered all workshops and work camps to relocate outside the city centre a light industrial zone has been emerging on the mainland at Mussafah.

At Umm al Nar island between the city and the mainland is a power and desalination complex which also houses a refinery and gas-bottling plant.

In the west of the Abu Dhabi emirate is the industrial zone of Ruwais—the UAE's counterpart to Saudi Arabia's Jubail and Qatar's Umm Said. ADNOC, which acts as a development authority for Ruwais, has as a base project a gas processing scheme capable after start-up this year of supplying dry gas to industry at Ruwais. The first recipient is likely to be an ammonia and urea plant being built by Japanese contractors (Chiyoda and Mitsubishi) for a joint venture established by ADNOC and Compagnie Française des Pétroles (CFP-Totals).

The French, it is widely believed, are putting in equity to strengthen their chances of having favoured nation status over contract crude oil supplies. Fertilizers are unlikely to have much of a market in the UAE despite attempts to foster agriculture and most of the production will have to be exported to the Indian sub-continent or the Far East. The other project under construction is a refinery scheduled for completion in 1981 by the Italian engineering company Seasm.

ADNOC's plans for the Ruwais industrial park include the possibility of a minerals processing industry, probably steel, although a joint venture partner will be needed. Talks have taken place with the Indian Government recently although they have been trying to reach agreement since 1975. Petrochemicals are also under consideration but view expressed at ADNOC is that the investment climate is not ripe. More likely is an extension of the natural gas liquids project, especially if efforts to index the price of gas to crude oil by Opec are successful.

Ruwais suffers from "expatriate fever", chronic absenteeism, caused by its remote location and the lack of adequate family facilities. Unlike Yasbu in Saudi Arabia, there has been little attempt so far to provide exemplary accommodation for the workforce. It is common for contract workers to return home before the end of their terms. The Ruwais weekend, when the better paid escape to Abu Dhabi for a break, often lasts from Thursday until Sunday.

It brings back to mind a point made in Dubai by Mr al-Drai. He is conscious of the emirates' over-dependence on expatriates and feels they have imported value which the UAE could not do without. These, he says, are the values of the BBC television "soap operas" which are screened at night in English language hotels and "and they all drink far too much beer".

John Whelan

## Light industry

# Duplication of projects hinders progress

Sadiyat Island, a few minutes by boat from Abu Dhabi's main port of Mina Zayed which was once remembered for its experimental agriculture station, is now home for a pioneering venture, manufacturing drilling chemicals and liquids.

The Abu Dhabi Drilling Chemicals Company which is a joint venture between the state-owned Abu Dhabi National Oil Company (ADNOC) and NL Industries from the United States has been able to achieve success because of its powerful backing from ADNOC, access to finance through a syndication handled by the National Bank of Abu Dhabi and expert foreign management. Its neighbours on Sadiyat are to include a ship repair yard and road bridges are shortly to be installed to the mainland.

Yet even a venture as well founded as ADDCAP has had to establish itself without the immediate benefits of modern basic services. It is harder still for smaller ventures backed by the UAE's private sector. The Gulf Pipe Industry's factory at the Mussafah industrial zone outside Abu Dhabi had to start production in September 1980 without telephone, piped water or mains electricity on a site 40 kilometres from the city. With the benefits of hindsight the Abu Dhabi Government

might have tried to install such facilities first.

The hardships, surprisingly, are not considered the main drawback for light industry in the UAE. The smallness of the domestic market and the duplication of sound projects are the big hindrances. Gulf Pipe is a good example of this. On the next site at Mussafah is a competing factory, Cord Abu Dhabi, which also plans to make pipes. The lack of any adequate industrial licensing system has led to unnecessary duplication.

In theory this is the job of the newly-established General Industries Corporation (GIC) which also handles the management of some projects. GIC also had to close one of its factories, a jerrycan mill, after the price of raw materials from India rose to a level where the project was no longer economic even with massive subsidies.

GIC's brief for industry is based on a report made some years ago for the Abu Dhabi Department of Petroleum and Industry by the Swiss consultant, Electrowatt. This drew up a fairly concise list of viable industrial projects using census and other data which has not been fully released to the public. Among the projects given a high priority were production of vegetable oil and fats, pasta products, cigarettes, animal feeds, soaps and plastic products. GIC has come under fairly concerted attack from local businessmen who feel the Government should keep its nose out of the private sector and concentrate on industrial projects of \$50m and more through the national oil company ADNOC.

Abdullah Nasser, a businessman who belongs to the influential Abu Dhabi Executive Council (Execo) which exercises powers similar to the GIC in the United Kingdom, is one of the lobby who wants the Government to leave light industry alone. He believes GIC should hand over the projects it runs including the Al-Ayn cement factory and the Abu Dhabi flour mill to the private sector. "It is rubbish to say local people are not prepared to work. They will if they are given the incentive", he says.

difficult then to encourage any of the big names to go there."

This conservatism has led to the younger generation of Abu Dhabi businessmen concentrating on fairly specialised joint ventures or service companies rather than many factories. In Dubai similarly most of the impetus has come from the Government with only a handful of Dubai merchants engaged in fabricating ventures at the Jibel Ali industrial zone.

They more than are aware of the lack of any agreement within the emirates on protective tariffs for local industry. Although the Government is prepared to help with cheap land and free electricity and water even these concessions have an edge to them. Domestic connections in Abu Dhabi at least seem to have a higher priority than industry.

It would be difficult for the UAE authorities to enforce tariff protection since there would have to be concurrence of all seven emirates to make a tariff effective. While Oman, Saudi Arabia and Qatar have been able to enforce tariffs, such regulations in the UAE are still the province of the emirate governments.

A cable factory established at Jibel Ali by the BICC group of the United Kingdom with the Dubai Government has been particularly hit by "dumping" in the market of cheap imports of cable. The BICC plant ironically had everything else in its favour—investment in good machinery, technical knowledge from outside and the minimum amount of labour.

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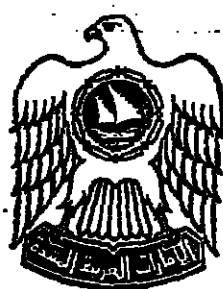
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# Even before the U.A.E. was formed in 1971, Dubai foresaw the inherent benefits in unity, stability and a better future through developmental projects.

## Union a dream-the U.A.E. its realisation

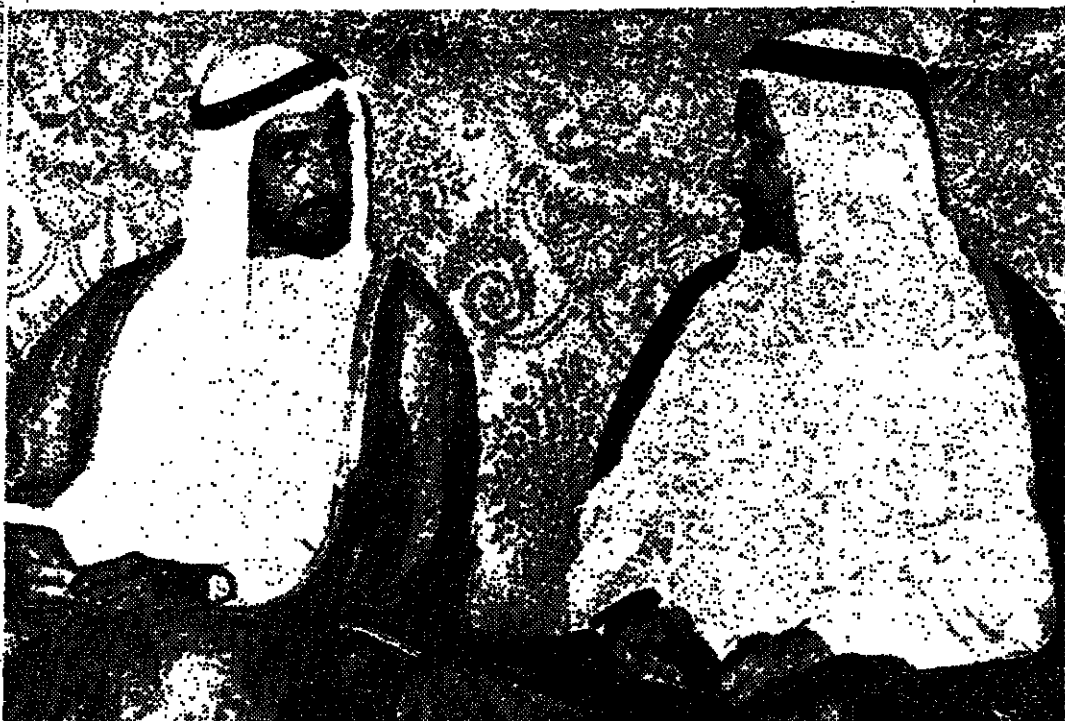
In 1968 the Rulers of Dubai and Abu Dhabi met and agreed to form a union, inviting also the Rulers of the other Trucial States Bahrain and Qatar to participate in a Federation.

A Federation was formed, but in July 1971 Bahrain and Qatar opted for independent

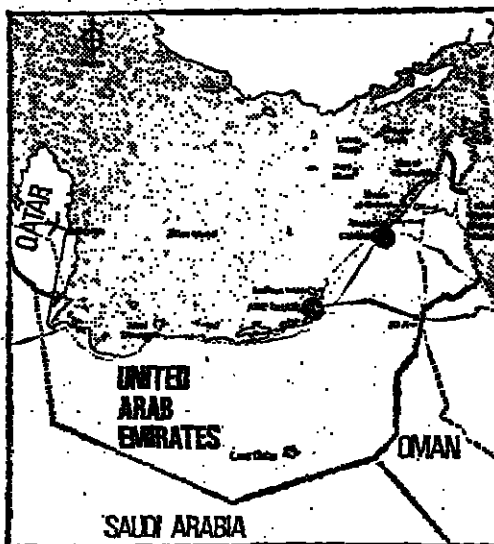
Government, through its various Ministries, took an active role in implementing economic, industrial and social development. Schools were opened everywhere, modern housing was built and distributed to citizens, and an extensive network of roads was constructed to

together of seven different emirates. Today it is a living, throbbing testimony to the successful unifying of advanced technology and eastern and western human resources. It is an eloquent example of a fine mix between traditional values and far-sighted realism. In the modern world of commerce and industry, the U.A.E. is a vital link.

Today the U.A.E. also plays a pivotal role in the international arena through its membership of the Arab League, the United Nations, the World Bank, the International Monetary Fund and various other U.N. bodies.



His Highness Sheikh Zayed bin Sultan Al Nahyan, President of the U.A.E. and Ruler of Abu Dhabi, with His Highness Sheikh Rashid bin Saeed Al Maktoum, Vice-President and Prime Minister of the U.A.E. and Ruler of Dubai.

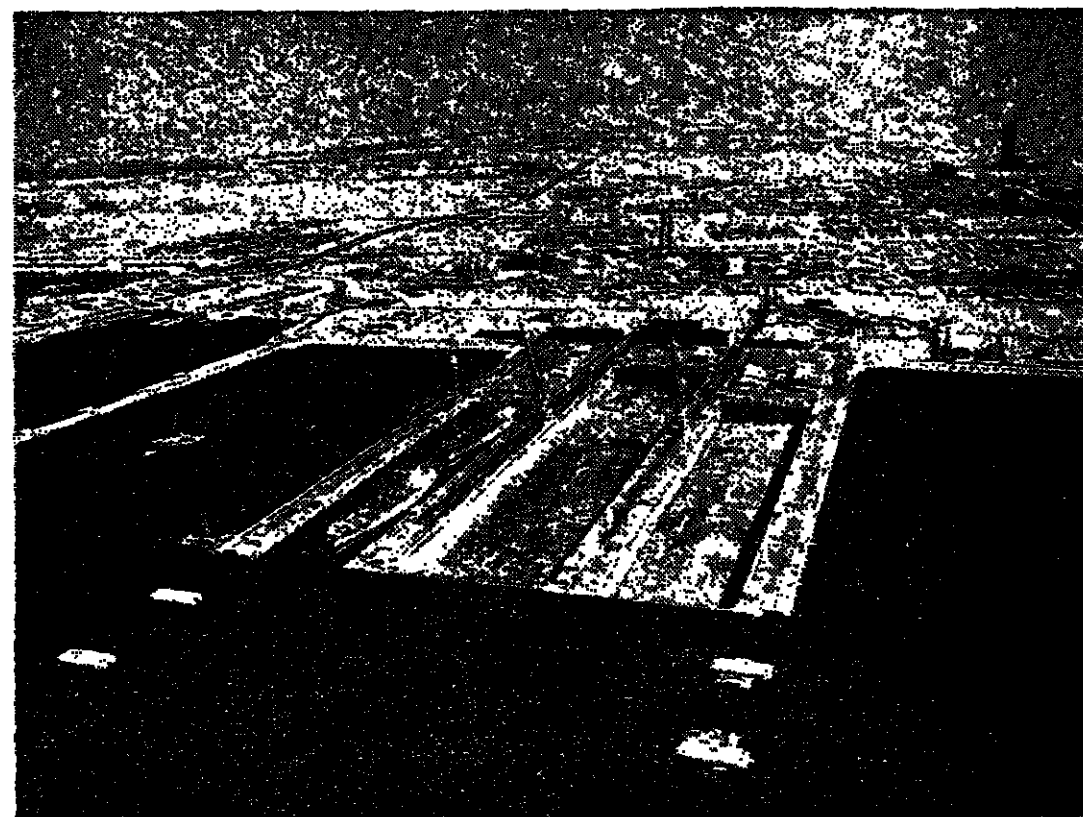


As a major oil producer, and consequently as a member of OPEC and OAPEC, the United Arab Emirates has a vital influence in the international scene.

Even as the U.A.E. is eager for its development, it is keen on assisting up-and-coming nations. To aid them, a significant percentage of the Federation's national income is channelled into a programme that includes direct aid and soft loans.

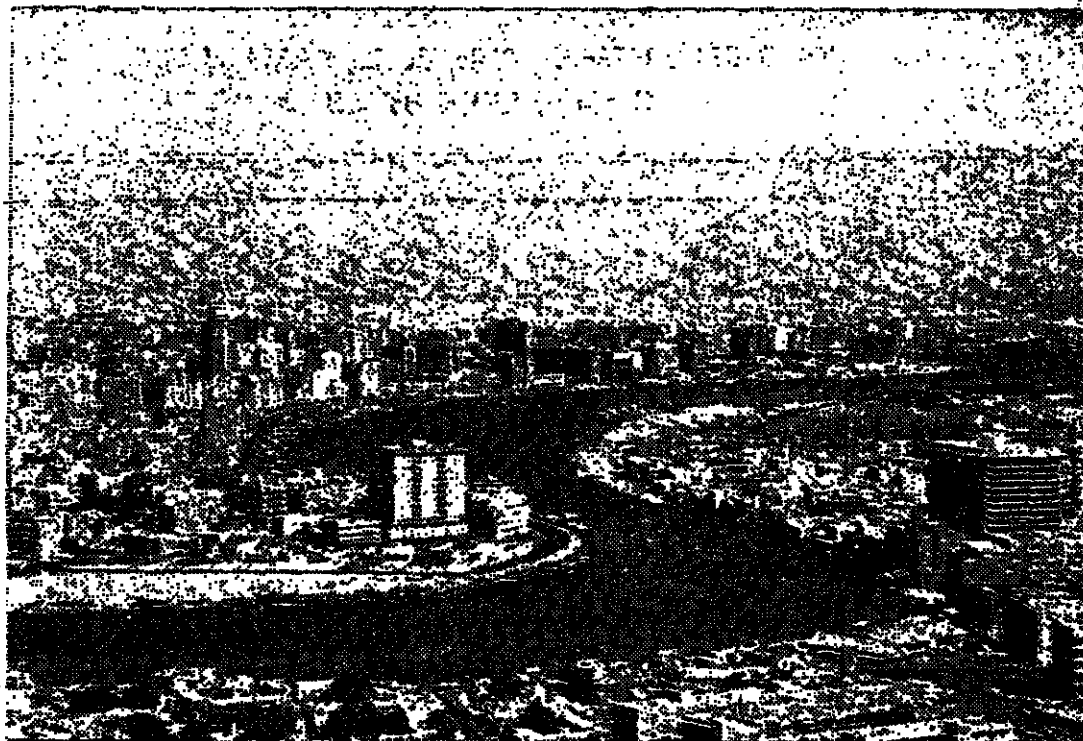
statehood. December 1971 saw the creation of the United Arab Emirates when Dubai, Abu Dhabi, Sharjah, Ajman, Fujairah and Umm Al Quwain merged into a single unit, which Ras Al Khaimah also joined three months later. A Provisional Constitution was promulgated when the union took effect. Once union was achieved, the watchword became 'development'. The Federal

link up the Emirates. Efficient health services were established to serve the Federation. For example in Dubai the modern Rashid Hospital is a veritable showpiece with free facilities that include operating theatres, a well equipped laboratory and X-ray and central sterile supply departments. This hospital has made significant contributions in medical research. The U.A.E. is far more than the mere coming



Dubai's super dry dock, one of the world's largest.

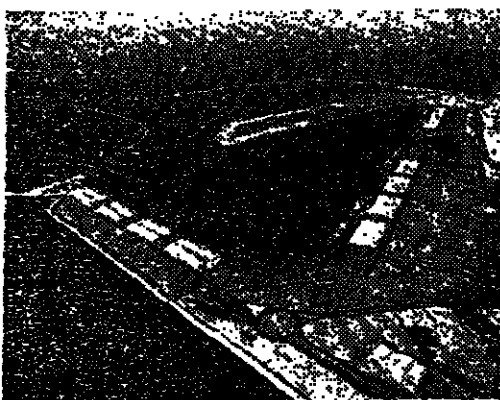
## Dubai enters the 80's - progressively



Dubai is a symbol of economic progress that will extend beyond oil.

## Dubai: wisely developed as the Gulf's major free trade zone

Dubai, traditionally a trade centre where a pearling industry once flourished, is today the commercial hub of the U.A.E. This progress is due not so much to Dubai's strategic location as to the wise pragmatism of Dubai's Ruler, H.H. Sheikh Rashid bin Saeed Al Maktoum. Recognising the reality that oil, first discovered in 1966, would not last forever, His Highness the Ruler envisaged a grand plan that would channel the revenues from oil—for building an industrial infrastructure that would benefit successive generations.



Fort Rashid, Dubai's original deep water harbour.

The manifestations of this foresight are many, but a few would provide ample testimony. Port Rashid, Dubai's deepwater port, opened in 1972, is today a major gateway for trade to the entire Gulf region. With its 57 berths, Port Rashid to date has handled ships from 55 international shipping lines.

Dubai also takes pride of place internationally with the super dry dock opened in February



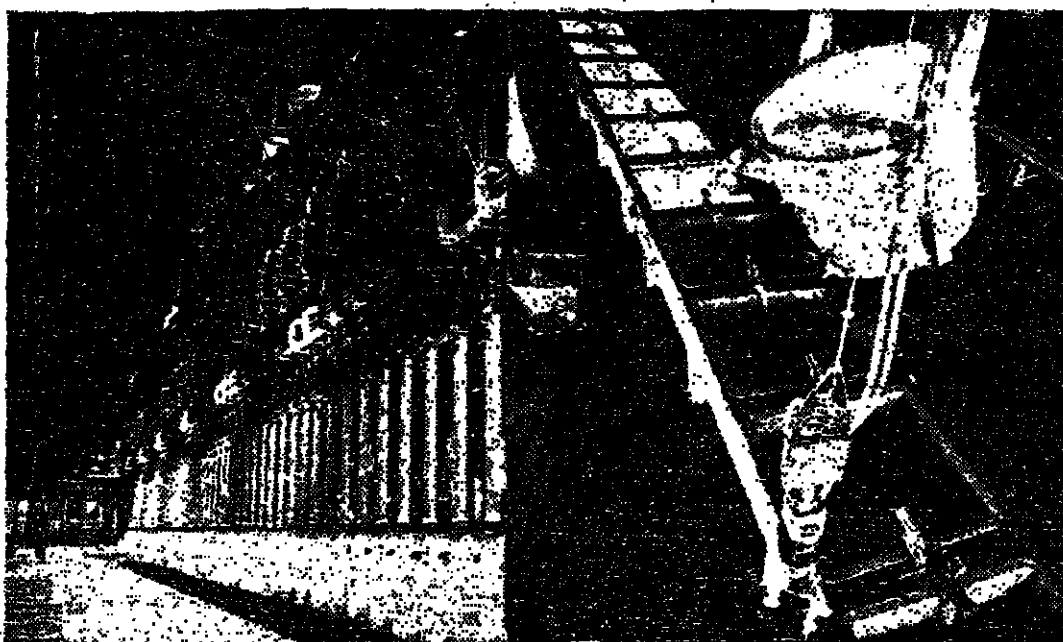
The new deepwater harbour at Jebel Ali. Its beneficial effects will extend for years and years ahead.

1979 by Queen Elizabeth. Certainly one of the world's largest, the Dubai dry dock can handle tankers of up to 1 million tons, and provides services that are unrivalled in this part of the world.

Jebel Ali is the current catch phrase for industrial progress in Dubai. This multimillion dollar project 35 km southwest of Dubai is

humming with activity as the massive industrial complex takes shape, nourishing the well established free trade zone. The Port of Jebel Ali, commissioned in 1979 with its 67 berths is one of the world's largest. Around it is growing a network of facilities which includes the now completed Aluminium Smelter.

The new Aluminium Smelter, a part of the growing industrial complex at Mina Jebel Ali.



As its commercial role increasingly gains importance, Dubai is coping with the challenge of playing the role of prime mover.

Dubai's international airport, commissioned in 1971, is the communication link for trade and commerce in the entire Gulf region.

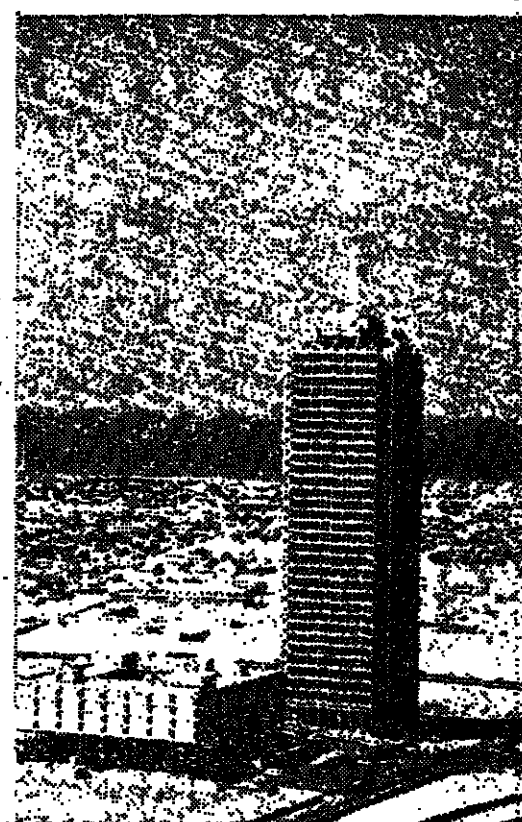
And the central meeting point is the new International Trade Centre in Dubai opened



Dubai's international airport is one of the best equipped anywhere.

In February 1980, which is part of a complex that will provide the ideal ambience where international trade negotiations can take place successfully.

These excellent infrastructural facilities—including adequate power and water sources and an extensive telecommunication network—are further complemented by a healthy business climate,



The soaring International Trade Centre, recently completed, underscores the importance of Dubai on the international trade map.

a politically stable Government and a generous incentive package that includes no taxes. All of which makes Dubai a conducive environment for investment.

# Dubai

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مركز من الأصل

## Construction

# Wheeler dealers exasperate the Government

Competition among contractors for major projects in the UAE has become so intense that only the fittest and strongest can survive. The Gulf used to be thought of as a life-line for small Western companies in need of the cushion of large advance payments to pump up sagging balance sheets.

Today with the South Korean and other Asian companies well represented in the UAE market, it is as tough as any, although the rewards are still there.

In 1980 on published figures construction contracts worth approximately \$1,720m were awarded in the UAE, comparable to Egypt and bettered in the Gulf by only Saudi Arabia, Iraq and Kuwait. Both local and foreign contractors regarded it as having been a quiet year with the health of the market almost completely dependent on projects emerging from the Abu Dhabi Government and oil sector.

Among worrying trends for foreign companies was the practice of undercutting by inexperienced local firms which quote a low price in the hope of bumping it up

later after the award of the contract. The most spectacular example of this happened, however, when a foreign joint venture quoted for a dredging project.

The Government has responded to chaotic bidding by increasingly resorting to retendering and negotiation after the opening of bids. It is now accepted in Abu Dhabi that, after the opening of sealed bids, a Dutch auction will take place in smoke-filled rooms. Either that or the Government committee to exasperate at the wheeling and dealing will simply declare a rebid. The rebids take determination on the part of the contractor. On an important water pipe laying project from Abu Dhabi to Al Ayn last year Hyundai Construction, a South Korean market leader, survived three rebids emerging with the lowest price each time.

Another trend adversely affecting foreign contractors is that, for certain projects, only local companies are being allowed to bid. This has happened recently in the northern emirates where there is a lot of spare capacity among contractors.

The new Sharjah hospital, for which W. S. Atkins of the United Kingdom is consultant, is an example of a job reserved for local companies.

In another case an elaborate prequalification for a police training school by a United Kingdom consultant was overruled when the government ministry concerned simply issued a list of local companies which were to be invited to quote. The job finally went to a Dubai contractor for \$14m.

Such actions meet with the wholehearted approval of some local companies. Mr Khalaf al-Habtour, of Dubai's Harbour Engineering Enterprises, feels that qualified local companies or joint ventures which are genuine partnerships of local contractors and foreign firms should be protected. He believes these categories of company should be sheltered from competition from wholly-owned Arab companies or non-Arab companies which use a powerful local sponsor to win contracts. Mr Habtour says that far from it being the case that local companies are protected, there is "no appreciable difference between the difference between a genuine local company engaged in contracting and a foreign firm to which a local has only lent his name. He says: "It is the strong partner who gets 1 per cent or 3 per cent from the foreign company, on the value of the job who wins the job. I would like to see the agents of these companies disqualify from accepting commissions."

Local businessmen have in the past also criticized the practices of the state-owned Abu Dhabi National Oil Company (ADNOC) in ignoring the local contractor. ADNOC's tendering procedures have led to the accusation that work is carved up among the select few. Yet most ADNOC work tends to be of a complexity which only foreign contractors can undertake. There has been no dicar along the lines of the Saudi Council of Ministers' instruction to the Royal Commission for Jubail and Yanbu to favour local companies wherever possible. In other ways, however, Saudi practice is being adopted. Federal ministries in particular have begun inserting

stiff conditions into contracts on consultants' liability in the event of non-performance. As perceived in the UAE, a requirement to "guarantee a design" for 10 years would often be an impossible condition to meet. A local company would get round it simply by ignoring the issue but, as one contractor said: "Our lawyers at head office are unwilling to take such a cavalier approach."

Another move borrowed from Saudi Arabia has been to classify contractors according to experience to avoid inexperienced companies bidding on projects beyond their capabilities. If this selection process is adopted in centres other than Abu Dhabi it may help to allay some of the worries expressed by the foreign companies.

Local companies have, however, been building a reputation elsewhere. A number of enterprising Dubai-based companies have quoted for work abroad because of the tail-off in major projects in the northern emirates. The most successful of them, including the Dubai Group owned by Ahmed Baqr, the Dubai businessman, and the Galadari interests of Abdul Wahab Galadari, are already working in Jordan and Oman.

The biggest job won by Galadari Construction for pipe-laying in Iraq worth more than \$100m. Mr Baqr's company has looked as far afield as Indonesia and Libya while in Iraq, until hostilities broke out with Iran, the government's disposition to deal with Arab-owned companies had stimulated interest from a wide range of Dubai contractors, not just the big names.

The outlook in UAE construction is for a steady number of basic service work close to the level of 1980—at least for the next five years. ADNOC and the Abu Dhabi sector are likely to remain the most attractive. More federal spending is to take place in Dubai and the northern emirates but development spending is still considered to be a function of emirates' governments. Fujairah has received support from the unlikely direction of the Abu Dhabi Fund for Arab Economic Development, the agency of the UAE's foreign aid programme, which suggests more than anything that the relationship between Abu Dhabi and the smaller emirates is still highly paternalistic.

If prestige projects are to be built—and there are a number of them, including a tourist tower which would be the fourth highest structure of its kind in the world—then these are likely to grace the federal capital. The idea of building a permanent capital for the emirates on the border of Abu Dhabi and Dubai at a wadi ironically called the valley of death appears to have been shelved, although the prospect of getting a sliver of that would undoubtedly send the idle contractors in the emirates reaching for their Japanese calculators.

Penelope Turing

John Whelan

## Communications

# Road-making projects reflect unity of states

In one of the recent United Arab Emirates government reports a circular diagram shows the country's proportional expenditure on important projects over the years 1970-79 as segments of a circle. By far the largest, amounting to 32 per cent of the whole, is marked simply "road": not housing (the runner-up, with 9 per cent), or schools, or other types of buildings, or health, and certainly not the military, which received only a quarter of the road allocation.

True, means of access to the growing modern cities were needed, though, the principal ones are on or near the coast, and to the centres of oil production and industry. Moreover, there are no railways, so roads are the only means for transportation on land—apart from the traditional camel or more modern Land-Rover.

And now that great highways have been built, the remote northern shores of Arabia are linked with the green, rainy and often noisy lands of Western Europe by huge dusty lorries and their remarkable breed of drivers, perhaps a modern equivalent to the merchant venturer captains of long ago.

It can be argued that private investment plays a part in at least some of the other development areas shown on the government diagram. But the fact that almost a third of the project budget of a country where the most important centres are accessible by sea for heavy and bulky freight, has been devoted in its first decade, to road construction is of special significance. It emphasizes the unity of the country.

The UAE is a young federation of seven states, some of which are small, on a large land area that is mostly desert. In the past the tiny populations were scattered over this great eastern corner of Arabia as nomadic tribes settled in a few small coastal trading ports, the most important of which was Dubai.

There was little or no land contact between them, or with other countries farther away, such as Oman or Saudi Arabia. Muscat must have seemed to many as far away as the cities of India or Africa. Even among themselves they would seldom be in contact except in tribal warfare or on a pilgrimage to Mecca.

As the second half of the twentieth century brought new possibilities to some of these states through the exploitation of their oil deposits, they started to develop independently and to some extent competitively. Then with the great experiment of the federation came also the test of contact, and in this context the reason for the priority given to road building becomes obvious. The great dual carriageway routes that have been constructed are, gradually, knitting together the peoples of the UAE.

Today the Dubaian can spin south-westwards to Abu Dhabi in his car in 90 minutes, attend official or business appointments and return easily the same day. He can spend a day or a weekend on the east coast at Khos Fakhra in the emirate of Fujairah. And he can drive as easily to Oman's capital of Muscat or Doha in Qatar. The barriers of distance have been broken.

There is a good, fast four-lane highway all the way from Abu Dhabi north-east to Dubai passing the new port area of Jibei Ali. Beyond Dubai it continues international airline to fly along the coast to Sharjah, to these cities, has six non-Ajman, Umm al Qaywayn stop flights weekly between

and Ras al Khaymah, thus linking six of the seven states by one main artery. The route from Dubai and Sharjah across the mountains to Fujairah is not quite completed as dual carriageway for the whole distance, but this should be finished soon.

From Abu Dhabi east to Al-Ayn, close to the Oman border and the crossing point for Muscat, the road is already a dual carriageway and is to be widened to six lanes. West from Abu Dhabi the coast road to the Qatar entry point near Soda Nathil is now dual carriageway for most of the distance, only a short section remaining to be completed.

Other well surfaced two-lane roads link the main cities and trunk highways not a great many of them. Certain city refinements have been and are being undertaken to ease traffic congestion, such as a new plan for road tunnels in Al-Ayn.

If roads are vital to the UAE's internal unity, air communications are equally vital with the world at large, and advanced links they are. There are four international airports—at Abu Dhabi, Dubai, Sharjah and Ras al Khaymah—which handle international passenger traffic and freight, and provide some passenger services between the member states, though most domestic transport is now mainly by road. Smaller aircraft can fly to Al-Ayn (where another airport is under construction) and to Fujairah and Das Island.

Dubai is the busiest airport, served by about 30 international airlines and 15 cargo and non-scheduled carriers. Built originally in 1961, and largely reconstructed 10 years later, Dubai airport has been still further improved in recent years.

There were more than 50,000 aircraft movements in and out of it in 1979—a 10 per cent increase over 1978. Approximately two thirds of the flights were by scheduled services. Non-scheduled movements decreased by about 7 per cent. Embarking passengers trebled between 1974 and 1979 to total of 663,000. Disembarking passengers increased by almost the same proportion and in 1979 numbered 697,000.

In September 1980 the top 10 destinations and points of origin for air traffic at Dubai were: Bombay (about 16 per cent), Karachi, Bahrain, London (5.6 per cent), Cairo, Kuwait, Rawalpindi, Beirut, Doha and Tehran. The most important airport development is Abu Dhabi's new international airport, which lies off the Abu Dhabi island highway and is scheduled for completion this year. Aéroport de Paris is the design, and the terminal is in some ways similar to the French capital's Charles de Gaulle airport. Gulf Air, the joint national airline for the UAE, Bahrain, Qatar and Oman, will have extensive maintenance facilities there.

An up-to-date feature will be that all aircraft parking will be at "finger" piers, which will eliminate the need for buses from aircraft to terminal. Eleven wide-bodied aircraft can be accommodated at these piers simultaneously. Another refinement will be that air conditioning can be pumped direct into the aircraft from underground.

British Airways, successor to BOAC which was the first international airline to fly to these cities, has six non-Ajman, Umm al Qaywayn stop flights weekly between

London and Abu Dhabi and daily services to Dubai, mostly by way of Kuwait though, with one or two direct flights. Gulf Air also has daily services between London and both Abu Dhabi and Dubai, but all with one, or occasionally two, intermediate stops. It also provides a comprehensive network of services to other airports in and around the Gulf.

Gasports in the UAE have been enlarged and new ones built in the past five years. Abu Dhabi's Port Zayed extended its number of deep water berths within that time.

At Dubai, Port Rashid has continued to expand. During 1979 the cargo berths of the port extension there were brought into full operational use. In the same year the port authorities took over the container terminal formerly operated by the Sealand company, which has transferred to Jibei Ali port, operated by its parent company. The Port Rashid container terminal showed continued growth in handling.

The Dubai Trade Review for 1980 makes these comments about Port Rashid: "The Iranian crisis which developed during the latter months of 1978 continued into 1979 and a total of 110,381 deadweight tonnes of general cargo, 1,491 vehicles and 2,002 containers were eventually landed at Port Rashid for storage and onward shipment."

"Reshipment commenced in April, 1979, and by the end of the year only some 2,000 deadweight tonnes of this cargo awaited shipment. Handling and storage charges were reduced by the Ruler of Dubai for distressed Iran cargoes up to October 1, 1979, when the order was revoked and the full tariff applied to new cargoes."

Jibei Ali port, just to the west of Dubai and opened by the Queen early in 1979, has now come into full operation.

Sharjah's Port Khalid, which was completed in 1978, is integrated with Sharjah international airport, and its free zone link has been specially designed for the trans-shipment work which is a continuing important factor in the UAE's communications services.

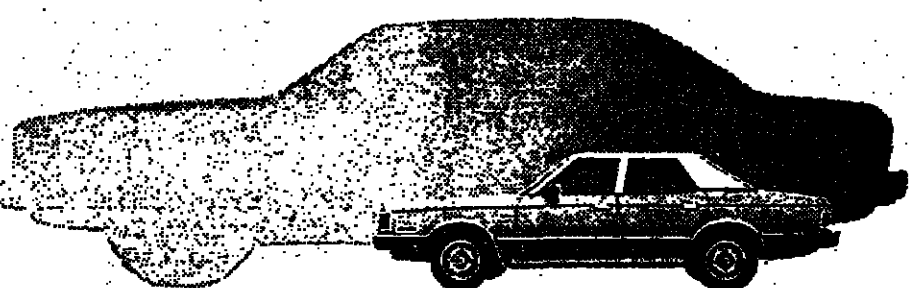
Away on the east coast a new port is under construction at Fujairah.

The Emirates Telecommunications Corporation was founded by government decree in 1976, and the telephone and telefax services have been developing steadily since then. There are two earth satellite stations, one at Jibei Ali which is designed to handle 60,000 international telephone calls by 1985, another at Ras al Khaymah and a third for Abu Dhabi is planned. Telephone services are efficient in the UAE and local calls are free.

Penelope Turing

John Whelan

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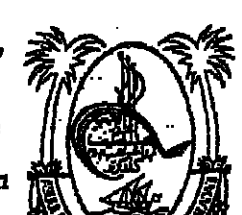
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UNITED ARAB EMIRATES

Trade

# Prospects good in increasingly competitive market

satisfactory trading conditions and political stability in the Gulf area with its regional instability. Anyone who may doubt that has only to look at what has happened in Iran where a flourishing oil market for Western exporters collapsed almost overnight with the fall of the regime of the Shah.

What, therefore, are the prospects for the UAE? There are risks, but otherwise the prospects are good in an increasingly competitive market. As the world recession is deepened, particularly in Europe and Japan, exporters have looked over and more to the oil-rich countries of the Middle East for alternative markets. The UAE is one of these.

What are the risks? In the case of a number of contingencies between the various emirates since independence in 1971, principally arising from the historic rivalry between Abu Dhabi and Dubai, the federation has survived for a decade. In the short term, the various rulers are unlikely to be united together to hang together. The longer the federation survives, the more likely it is to last.

Internally there are no real political problems in the short term, but in the longer term the fact that the enormous population, which holds the reins of political power, is heavily outnumbered by the immigrant population is a potential threat to the stability. The police forces and armed forces are efficient and reliable by Middle Eastern standards. The real risk, and this applies to all the Gulf states, is in the political differences of Saudi Arabia. If a present regime in Saudi Arabia were to fall, then the oil states would be hopelessly exposed to the political tempests of the sea, and it is probable that a regime in these states would soon suffer a similar fate.

As regards the stability of the United Arab Emirates, it is perhaps significant that negotiations have been going on recently between the Saudi Arabian and Pakistani governments or the stationing of Pakistani troops in the emirate.

The wealth of the UAE is overwhelmingly based on the production and export of oil, though only three of the seven emirates—Abu Dhabi, Dubai and Sharjah—are producers. The economy of Abu Dhabi is almost entirely dependent on the production of oil, while in the case of Dubai it is an adjunct to the economy. The fragile economy of Sharjah is largely dependent on revenues derived from the diminishing production of oil. Crude oil production figures for the last 10 years are shown in Table A. The fall in production in Abu Dhabi in 1978 is deliberate, to conserve reserves. Japan is by far the biggest importer of oil from the UAE, while the United Kingdom takes a comparatively modest share. Table B gives the figures for the leading importers of crude oil from Abu Dhabi for the period 1978-80.

Crude oil production (tonnes m) Table A												
	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Abu Dhabi	33.4	44.9	50.6	62.6	67.7	67.3	76.8	80.0	89.7	70.2		
Dubai	4.3	6.2	7.8	10.8	12.0	12.6	15.6	15.8	18.0	17.6		
Sharjah	—	—	—	—	1.4	1.9	1.8	1.4	1.1	0.7		

Oil importers from Abu Dhabi (per cent) Table B			
	1978	1979	1980
Japan	32.7	31.2	33.8
United States	13.4	12.2	11.1
France	11.8	10.6	10.9
Holland	12.5	7.3	7.5
United Kingdom	3.2	1.8	3.4
West Germany	2.2	5.4	6.3
Italy	2.8	1.4	2.5

Table D shows the value of exports to the UAE from the United Kingdom for 1979 and 1980.

As can be seen from the table of OECD exports to the UAE in 1979 exports from the United Kingdom and Japan were almost level. It is interesting to examine a breakdown by commodity of exports of the two countries to Dubai in 1979 (Table E).

The disparity between the figures for "manufactured goods classified chiefly by materials" in favour of the UAE is particularly outstanding. Under this heading are motor vehicles, telecommunications and sound recordings and reproducing apparatus and equipment, office machines and automatic data processing equipment, with which Japan has succeeded in capturing the UAE market.

On the other hand United Kingdom exports of beverages and tobacco to the UAE are correspondingly favourable. The figure that is not shown is that for visible exports, such as insurance and consultancy, in which the United Kingdom holds a greatly advantageous position.

It is difficult to gauge how the UAE's trade will develop, as it is strongly influenced by some unpredictable factors. In the past decade the increase in population, due to largely uncontrolled immigration which has risen from about 100,000 to more than a million in 1980, has resulted in an enormous increase in imports of consumer goods. The present policy is to bring immigration strictly under control and to limit it drastically. Will it succeed?

OECD exporters to UAE (percentage share of total) Table C									
	Japan	UK	US	W Germany	Italy	France	Others		
1978	28.4	21.8	12.8	11.2	6.5	6.3	15.0		
1979	23.2	23.1	14.8	10.4	7.5	7.3	13.7		

Value of United Kingdom exports (£m) Table D		
	1979	1980
UAE (as a whole)	486.2	501.9
Abu Dhabi	159.4	214.3
Dubai	305.3	270.1
Northern Emirates	23.5	17.5

Value of exports to Dubai (£thousands) Table E		
	United Kingdom	Japan
Food and live animals	86,327,379	36,943,845
Beverages and tobacco	105,315,384	1,849,193
Crude materials, inedible—except fuels	113,853,508	2,111,267
Mineral fuels, lubricants and related materials	40,885,128	788,937
Animal and vegetable oils and fats	2,507,867	635,722
Chemicals	283,572,168	26,757,099
Manufactured goods classified chiefly by materials	599,008,588	1,242,145,696
Machinery and transport equipment	1,278,617,741	1,282,593,835
Miscellaneous manufactured articles	206,521,823	377,641,758
Commodities and transactions not classified according to kind	65,076,285	17,060,583

If so, it will have a corresponding impact on the import of consumer goods. The UAE imports most of its food. The present agricultural policy is to make the UAE as self-sufficient as possible in the production of foodstuffs. Anywhere else the cost involved in such importation conditions, would render such an intention nonsensical, but in the peculiar circumstances of the UAE it really is worth pursuing. How will industrial development proceed? We have yet to see how successful or otherwise are the major projects recently completed in Dubai and being embarked upon in Abu Dhabi. The re-export trade from the UAE

is likely to develop further as a result of the construction of good deepwater ports, and this is something which is influenced by political events in the area, as we have seen in the case of the conflict between Iran and Iraq.

One fact is clear: that with its production and proved reserves of oil and gas the UAE is far richer than the poorest countries in the world and will continue to be so for many years, subject always to unpredictable political and military developments in the area of the Gulf.

Tim Owen

Relations with UK

## Bond still strong between Bedu and Briton

The relationship between Britain and the UAE is an historical one, based upon mutual respect stemming from 150 years of British links with the region, common interest, and the plain political fact that the shape of the federation today has largely been dictated by the colonial policy of the Foreign Office over the past century.

Ingrained in this relationship and complicating it immensely is the almost spiritual bond which seemed to exist between the British colonialist and the feudal Bedu ruler, a link which continues in some form, even today.

Visitors to Abu Dhabi or Dubai will, when they meet members of the middle and upper classes, be regaled with theories about why this bond should exist.

"We are two people who both believe in values, though those values may be different," is a theory one may often hear propounded.

Then there are the Arabists, T. E. Lawrence, C. M. Donaghay, Wilfred Thesiger, Freya Stark, St John Philby and Richard Burton, full-blooded British individuals who saw in the Bedu way of life an exotic primal existence which, from the point of view of someone for whom the return to the comforts

of suburban London is always a certainty, might seem aesthetically attractive.

Thesiger wrote, in *Arabian Sands*: "Men live (in the desert) because it is the world into which they were born; the life they lead is the life their forefathers led before them; they accept hardships and privations; they know no other way."

As one of the most perceptive modern writers on today's Arab World, Jonathan Raban, has pointed out, these are rather strange virtues for an Englishman to note down as matters for approval.

Today Thesiger's strictures, though only designed to describe a world of some 40 years ago, are hopelessly out of date.

The hardships and privations which face most citizens of the UAE are likely to be those concerned with adapting socially to the wealth which they find thrust suddenly upon them. True, this wealth will vary greatly in size, from the overwhelming financial surfeit which is likely to land upon the laps of the middle classes of Abu Dhabi and Dubai to the smaller signs of prosperity of the poorer classes, the move out of an ad hoc compound into a purpose-built house with modern air-conditioning and facilities provided out of the generosity of Sheikh Zayed or Sheikh Rashid.

It is a fate of which none of the latter-day Arabists would approve. But few of the British who now find themselves working in the UAE in the hopes of saving enough money to lay down the foundations for a home overseas mortgage will have heard of *The Seven Pillars of Wisdom*. For them, the federation is a place to live abroad and in which to be rewarded well for suffering an increasingly few privations, a warm temporary home which is in Arabia more by chance than choosing.

This was probably as true in Britain's colonial heyday as it is in 1981; but while the Arabists have, in the main, disappeared the fascination the Gulf Arabs feel for the British has remained. If they seek specialist medical treatment, they seek it in London; if the summer becomes too hot to bear, they will head for Earls Court; if there is a real round of shopping to be done, then it is Harrods which beckons, not Macy's.

And yet, there are changes. When Britain withdrew from the Gulf in 1971, after carefully deciding the framework of the powers which would succeed it, it was left with a vestigial monopoly over diplomatic influence, the

award of large civil contracts, and the entry into the UAE's most important inner circles.

If a contractor wished to build a new office block, it was natural that he should turn to British suppliers. To this day, the international traveller will be amazed to find that most of the UAE's older hotels contain furnishings which, down to the last telephone and washbasin, were manufactured in the United Kingdom. But today the newest hotels are likely to have looked elsewhere for their requirements.

According to a government official directly involved in negotiating contracts with outside firms: "The trouble with the British over contracts is that they have not changed their attitudes from the old days. They still treat us as if we were people who should be sold anything whether we needed it or not."

"They employ the gift of the salesman who will come in and try to sell you an oil installation and, when you say you're not interested, ask you if you'd like a desalination plant instead."

In trade terms, Britain remains second only to Japan in the value of exports to the UAE. But this figure is likely to have been distorted during 1980 by the channelling of Iran-bound goods through Dubai to circumvent the British Government's sanctions imposed over the Tehran hostages.

In real terms, the British presence is considerable but waning, notably in the construction sector and particularly in Abu Dhabi where the French have scored some important contractual successes.

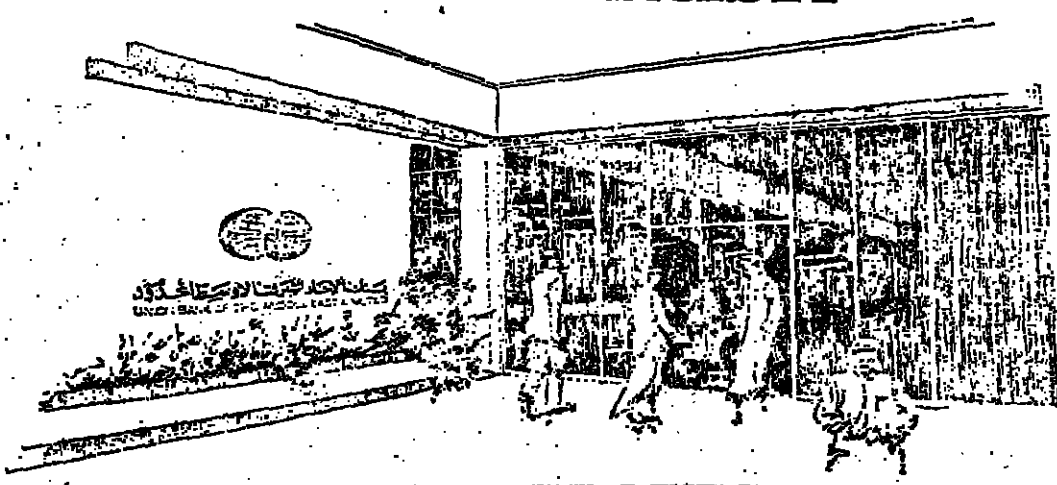
The last available figures show Britain's share of imports falling from 17.8 per cent in 1976 to 15.6 per cent by value in 1979 and when the Central Bank publishes its annual report later this year, the trend is expected to be confirmed for 1980.

The message has not been lost on the British Government, however, which has shown increased interest in sending its senior representatives to the area. Mr David Howell, the Secretary of State for Energy, was well received recently, and the Prime Minister is to make a visit to Abu Dhabi this spring. She is likely to receive a fond welcome, both politically and, perhaps, as a sign that Britain may be making a real bid to make a mark in the area.

The opportunities are there for, though the United Kingdom may have faded on the trading front, the British are still highly regarded by the business community.

David Hewson

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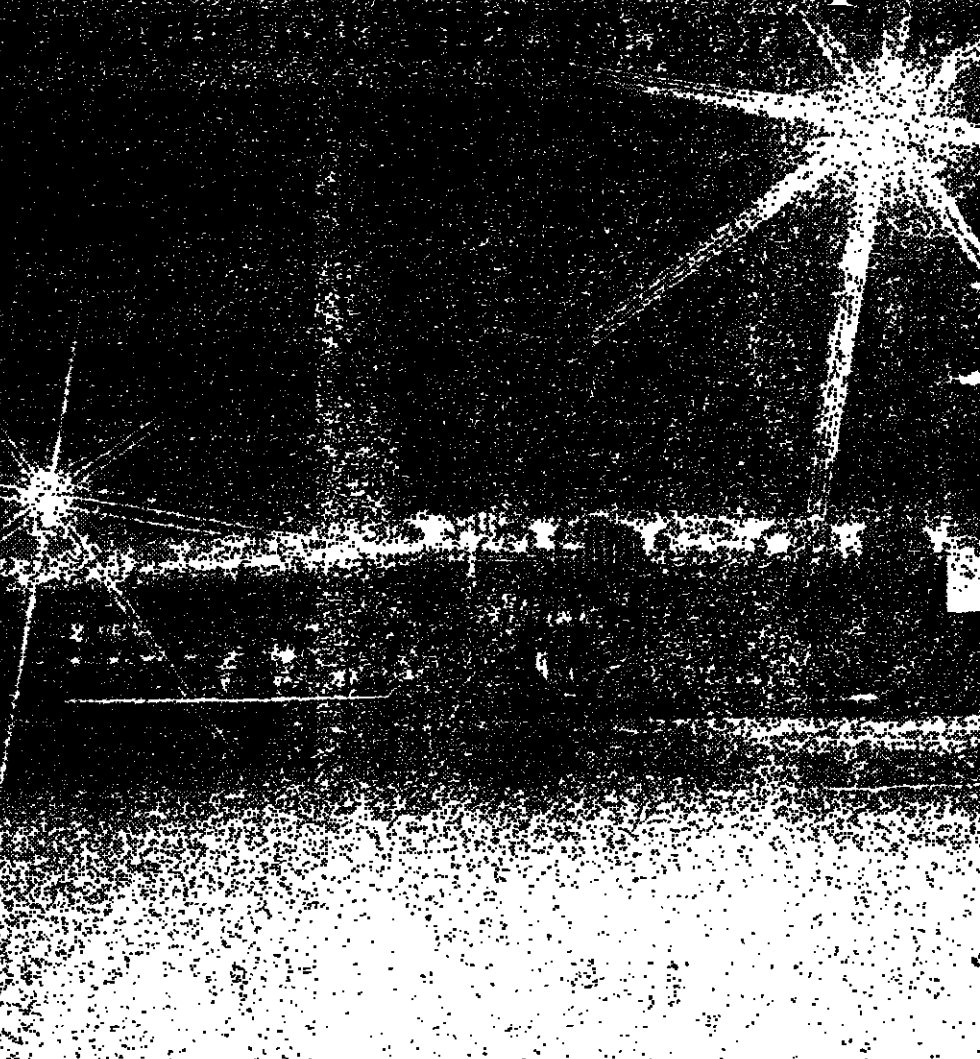
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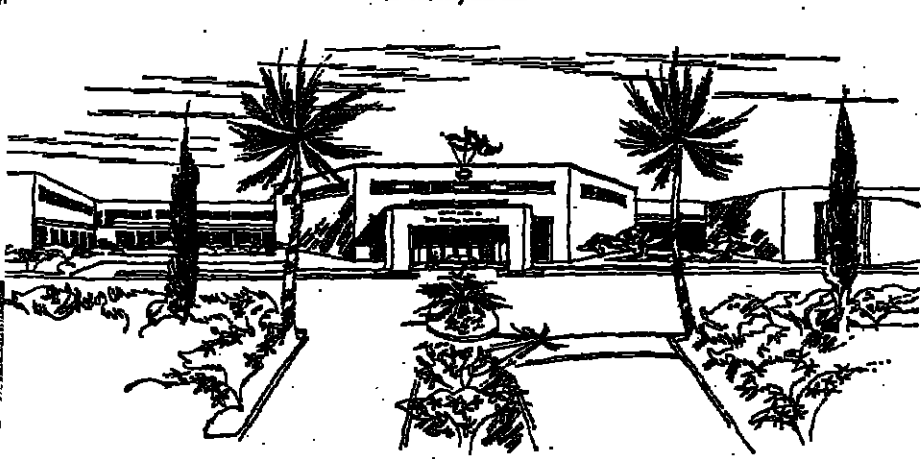
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## Education

## Intensive development is levelling out

There are signs that the UAE's intensive development in education is beginning to level out. The first eight years, 1972-80, have seen an enormous amount of work in school building and the setting up of the whole educational framework. Now that framework is being filled in, developed and improved in relation to the changing needs of life in the seven member states of the federation.

This is reflected in the budget figures for each year. In 1973 10.5 per cent of the state budget went to the Ministry of Education, amounting to 247,241,820 dirhams, more than half of which was devoted to development projects. During the following years the percentages were 12.6, 9.8, 7.7, 8.0, 12.4 rising spectacularly to almost a quarter of the total state budget—23.9 per cent—in 1979.

In 1980 the figure was 12.2 per cent, though the actual sum involved was the highest in the UAE's history: 1,388,018,200 dirhams. By 1980 the country had a total of 322 schools with 124,019

pupils. The Ministry of Education's schools numbered 256, there were nine defence schools, and private schools accounted for the balance, 57. Nearly half the total of pupils, 56,423, were girls.

The state educational pattern is similar to that of most countries in the Middle East: six years of primary education for ages 6 to 12 years (this is compulsory), then three years in the preparatory grade followed by a further three years of secondary education which may be in general subjects or technical training. Free kindergarten teaching is also available for those aged four and five.

In 1977 the UAE's university at Al-Ayn was opened with 500 students. By 1980 the number had risen to nearly 1,800, and it is planned to take 4,000 or 5,000 in the years to come.

As time passes and children grow up through the school stages academic and vocational training becomes more obviously important. If the UAE is eventually to fill with its own nationals all

the administrative, teaching and other responsible posts for which it now has to employ foreigners or other Arabs, it is necessary to train them.

Thus in addition to the university there are technical schools, commercial schools and agricultural schools. There are also four Islamic religious schools which provide all sides of education through primary, preparatory and secondary grades for 1,600 boys. The total number of teachers in 1980 for all grades in all government schools was 6,300, and more than half of these were women.

Statistically, then, the federation has moved far and fast in its first decade. It would be wrong, however, to suggest that there was no education in the emirates before that. An early concerted effort was made in 1952 when the Trucial States Council was set up. Sharjah had the first sizable school, which opened a year later for 450 boys.

Others followed in Abu Dhabi, Ras al Khaymah and Khor Fakkan. In 1958 Sheikh

Rashid, Ruler of Dubai, gave his palace as an elementary school. Girls' schools started soon afterwards, and by 1964 there were more than 30 of them with more than 2,000 pupils.

It was not until the UAE was formed that education was made compulsory in the primary grade. At that time there were rather fewer than 33,000 pupils in all schools and of all age levels from primary to higher education. The difference between that number and the 124,000 registered last year is the measure of the country's educational advance.

Now there is this indication of pausing to take stock, to measure success or failure in different disciplines and to assess where the main impetus should lie in the next few years.

The UAE is undertaking a new five-year development plan. Recently Unesco experts met at the Ministry of Education and Youth's headquarters in Abu Dhabi and set up a committee to determine the general framework of a five-year educational

plan which will be submitted to Mr Saeed Salman, the minister. When approved, the details will be worked out jointly by the Unesco appointees and ministry officials.

The background to this is a council set up under a Unesco 'contract' with the UAE to consider 13 specific points which include general planning, primary teaching and technical teaching, the first discussions for which took place in 1979. There are 10 considerations: one lawyer, one specialist in documentary and library work, one for self and seven others who are experts in educational textbooks, school building, audio-visual aids, cultural education, social services, teacher training, sports and youth services. All are Arabs, drawn from a number of different countries.

Each councillor has six months to study the present situation in the UAE in his particular field, and he then reports to the ministry's planning department. Some have already carried out their surveys, but they may

not all be completed for another two years.

English being the second language taught in schools, the British Council plays an important role in the emirates, as elsewhere in the Gulf, in cooperation with official authorities, and also through its own adult English language classes. Enormous numbers attend these: UAE nationals and non-English-speaking expatriates living in the country. Classes for women are held in the mornings and for men in the afternoons.

Parallel with the government schools, there are 57 private schools, both for Arabs and other ethnic groups. These are particularly numerous in Dubai, a merchant city where many nationalities are engaged in business as well as government service and construction work. There are Indian, Pakistani, French, Norwegian, Dutch, German, Croat, and of course American and English schools. Among those which cater for the Asian residents, the Indian ones are of particularly high standard, many Indian parents being prepared to make considerable financial sacrifices to pay for a good education for their children.

St Mary's Convent, also in Dubai, has another well-known school which has some pupils from eminent Arab families, and provides

education right through secondary grades, and in some subjects up to British A levels.

The most spectacular development among British schools in recent years is probably Dubai College, a secondary school opened in 1978 and built on land given by the Ruler, Sheikh Rashid. Like the Jameyah English Primary School, it is financed by debentures, donations and fees.

The begueter of Dubai College is its headmaster Mr Tim Charlton, who had had experience of teaching in the emirates at a school in Sharjah. He felt that while there were good primary schools available for British children there was no provision for comprehensive O and A level examinations, and therefore parents had to send their families back to the United Kingdom if they were to be equipped with qualifications for British university entrance. To meet this need on the spot Dubai College was founded in 1978 with considerable interest

and goodwill from the Ruler and leading Arabs.

Members of the governing board are mainly drawn from the professional and business community and include Mr Jim Morrison, director of the British Council in Dubai. At the time the college was opened Mubdi Tajir, the UAE's ambassador in London, became honorary president, and the present chairman is Mr Leslie McLoughlin of the Chemical Bank.

The school, which now has 280 pupils, had to serve a two-year apprenticeship before it was officially recognized by the British Council as a centre in its own right for O and A level examinations. That time is now completed and pupils can sit for these examinations. The Ministry of Education licensed Dubai College when it was opened, and both the ministry and the British Council carry out regular inspections.

Penelope Turing

## Health

## Emphasis is laid on preventive medicine

As the vast undertaking of establishing modern health services and facilities in the United Arab Emirates has taken shape, and much of it has become fully operative, the focus of priorities has changed. Now in its tenth year the young federal state has already a good basic framework of hospitals and clinics which are being steadily increased and improved, but these cannot fulfil their purpose and service without their acceptance, understanding and use by the people for whom they are designed.

Prevention is better than cure, and the central Ministry of Health is therefore concentrating a great deal of its attention and effort in preventive medicine which has means not only new steps to eliminate or diminish health risks direct and indirect, but also health education.

Dr Abdul Wahab al-Muhaideb, who is the Ministry's Director of Preventive Medicine, is insistent on this,

and cites three main sectors in which this is being carried out: maternity and child welfare, the control of malaria, and health education which is closely related to the first two, but also covers many other aspects and hazards of the changing life of an oil-rich state.

The recent census showed an increase in the female population. More girls are being born, who will be the mothers of the future. The traditional setting for childbirth at home has passed. Eighty per cent of all babies are now born in hospitals, which is a high proportion in a country which has had full and free medical services available only for a few years, and where there is a deeply-rooted sense of modesty and privacy in personal matters. The number of births registered in 1980 was 33,000.

The whole maternity and child welfare service is being reorganized and extended. There are now nine specific maternity and child welfare

centres throughout the country, and the work has developed by more than 200 per cent in the past year or two.

But new ways and modern technology have their defects also. For example the young mothers of the UAE have adopted prepared baby foods with an unfortunate enthusiasm. Four fifths of infants up to six months old are now bottle fed. "Disastrous", as Dr Wahab al-Muhaideb remarks, especially in a country where much has still to be learnt about hygiene. In the West, as he points out, the emphasis of medical opinion is overwhelmingly in favour of breast feeding. In the UAE, where until recently there was almost no alternative, women have to be won back to the practice.

Malaria is endemic and still a problem, though the control measures adopted have had a marked effect. There has been a concentrated campaign during the past three years, and figures show the benefit. In 1978 there were 24,000 known

malaria cases in the emirates; in 1979 the figure was 11,500 and last year it was down to 8,500.

But the problem is still not under full control, or in sight of eradication; in Dr Wahab al-Muhaideb's view for two main reasons. First, malaria cannot be eliminated in one part only of a large area where it is endemic, and Oman on the UAE's eastern borders is seriously afflicted with malaria, a problem which is being tackled with determination and much scientific skill by the medical authorities of that country.

Second, control is not simply a matter of exterminating mosquitoes or providing prophylactic treatments for human beings, neither of which can be total. It is closely connected with the country's development in the broadest sense: as better housing, better roads, more scientific farming methods spread, the control of malaria will become much more manageable. This is especially true in matters of water

supply and sewage disposal where a good deal remains to be done.

Much attention is therefore being given to the development of health education both directly through the media and the educational system. Today 50 per cent of mothers in the seven states of the UAE are still illiterate, but there are about 100,000 students in the schools and universities, about a tenth of the total population. There is thus scope for health instruction at all levels.

The promotion of health education is being planned on a national basis, and will include all the Gulf states from Kuwait to Oman. For the past eight months they have had a joint programme arranged by the ministerial area council. This includes an anti-smoking campaign: warnings have been intensified, and cigarettes may not be advertised on television, where you will no longer

find advertisements for proprietary infant foods either. By June 1982 the whole co-ordinated area health education programme should be working.

The more direct forms of preventive medicine by vaccination against polio, measles and other infectious diseases are proceeding steadily. Now between 60 per cent and 70 per cent of children born in the country are immunized in this way, thanks largely to the fact that four fifths of the babies are born in hospital.

There are about 20 hospitals in operation throughout the seven states of the federation, compared with 16 in 1978. Others will be added in the next few years. Fujairah has a 200-bed general hospital under construction at a cost of 75m dirhams, scheduled for completion this year.

A new general hospital in Sharjah which will provide 320 beds at an estimated cost of 150m dirhams is at the planning stage, and a 50-bed

hospital at Dibba, on the east coast, is being designed.

In 1978 there were 78 clinics throughout the country; general ones and some specially for maternity, dental and tuberculosis treatment. The latest figures are not available, but the number is now probably about a hundred. Others are under construction and still more are planned. Three quarters of all clinics are in the rural areas where there is not a hospital within easy reach.

School clinics numbered 140 two years ago, staffed by 76 doctors and 121 nurses. More have recently been completed and others are at the design stage. The number of doctors has increased by more than 10 per cent in the past two years. In 1980 the total was 1,153, made up of 104 consultants, 299 specialists, 671 general practitioners and 81 qualified dentists. Nurses numbered 2,615 in 1980. There is a nursing school in Abu Dhabi, but 90 per cent of all nurses

come from other countries. This is also true for doctors. Almost all are expatriates. Many are from other Arab states but they are also recruited from all over the world.

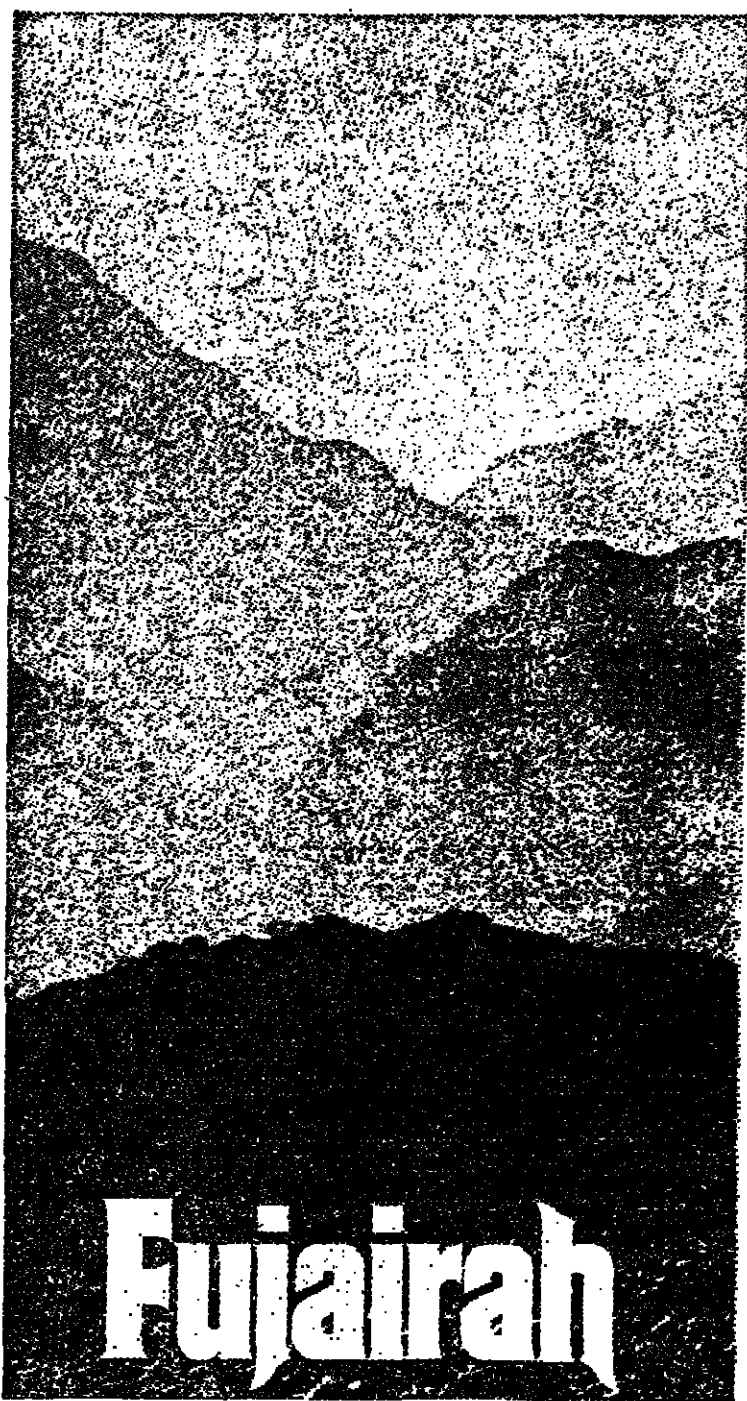
The past 10 years of the United Arab Emirates corporate life—and the decade will not be completed until next December—show that the extent and standard of medical services is something of which a young state may well be proud.

Completely free medical services, not only for every citizen of the UAE but for everyone working in the country, were established as a principle of the federation, but there was a long way to go before the facilities available could match the intention.

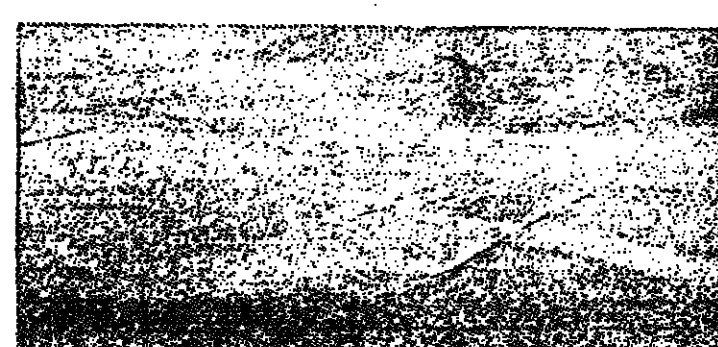
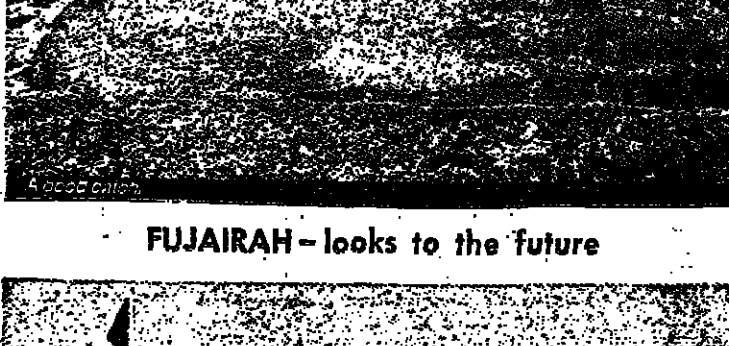
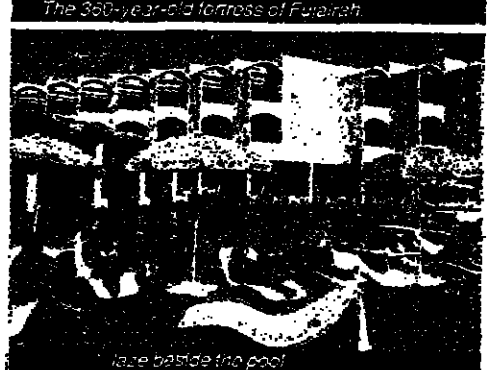
Kuwait played an important part in the early stages. Kuwait hospitals were established at a number of places, and several hospitals were also then run by Iran.

continued on page XIV

## FUJAIRAH CELEBRATES THE TENTH ANNIVERSARY YEAR OF THE FORMATION OF THE FEDERATION OF THE UNITED ARAB EMIRATES AND LOOKS FORWARD TO THE FUTURE



# Fujairah



## TOURISM

Fujairah is an area of outstanding natural beauty and contrasts. The high mountains, green oases and unspoiled bays and coves provide an idyllic setting for the holidaymaker. For those travellers who seek a resort unspoiled by skyscraper hotels and tourist traps, Fujairah has the most appeal. In Fujairah there are two hotels, the Hilton International with 110 rooms and 10 chelets, the Fujairah Beach Motel with 26 rooms, and there are the 20 Agas Chalets on the northern beach. The hotels have swimming pools, beautiful gardens, tennis, billiards and an adventure playground. Fishing trips, water skiing and diving equipment are also available.

Travelling by car or landrover in Fujairah you can spend the day in one of the many beautiful deserted coves or bays of Fujairah—swimming, picnicking and congratulating yourself on the fact that you have really got away from it all to a haven of peace with its beauty unspoiled by modern civilization.

## Suggested day trips:—

- (1) Dibba—The northernmost town in Fujairah with a history dating back to the Phoenicians.
- (2) Hayl Oasis—In the mountains: Hayl's landmark is its picturesque fortress.
- (3) Wadi Al Woriah—Picnic beside the waterfall.
- (4) Bathnah Fortress—The 360 year old fortress of Fujairah.

Temperature: Winter (Oct-March), Min. 15°C. Max. 30°C.  
Summer (April-Sept.) Min. 20°C. Max. 40°C.  
Humidity rises June-September.

## FOR DETAILED INFORMATION CONTACT:

Govt. of Fujairah,  
Post Box 1,  
Fujairah, UAE.  
Tel.: 89000 Sharqi EM.  
Tel.: 22443, 22443, 22111.

## PORTS, COMMUNICATIONS AND INDUSTRIAL DEVELOPMENT

Ever since Fujairah joined the Federation of the United Arab Emirates, top priority has been given to the expansion and development of the road network. Fujairah is now within easy reach of the other six Emirates and Oman, and the new harbour, which has its strategic location on the Gulf of Oman, will be completed during 1981 and having both container and general cargo terminals, will facilitate the all round development of the Emirate.

Fujairah has made rapid strides on the industrial front and already boasts factories producing marble, tiles, mineral water, cement, blocks and shoes.

Fujairah, looking towards the future, has ambitious plans for development—a Ceramic Tile Factory, utilizing the locally available clay; and a Rock-Wool Factory, using local raw materials which include copper, chrome and high quality limestone. In the Food Production Sector, there are plans for a Poultry Farm, a Dairy Farm and for increasing the agricultural production for fruits and vegetables—in both greenhouse and open field plantation—and the establishment of a Food Industry Project.

The Government of Fujairah is highly interested in viable projects to be implemented in the Emirate of Fujairah, and will provide all facilities to promote new projects. The Department of Industry and Economy is responsible for all development projects and the Ruler of Fujairah H.H. Sheikh Hamed bin Mohamed al Sharqi is making every effort to ensure that the natural beauty of Fujairah is fully preserved and that the flavour and way of life of the people of the Emirate is protected.

فجيرة من الأصل



UNITED ARAB EMIRATES

though not everyone's idea of a resort area, the region is making a bid for tourists.

Penelope Turing outlines some of its attractions and ambitions

## Hoteliers urgently looking for business

Two principal cities of the United Arab Emirates, Abu Dhabi and Dubai, which are the entry points for most visitors, have been constructed to the state of the art. The oil rich lands have no direct need of the minimal earnings of a young tourist industry. This was apparent by the absence of UAE government participants at a travel conference in Dubai last November which was designed to promote the better type of tourism both into and out of the whole Arab world.

On the other hand sections of private and semi-private enterprise in the country are beginning very much to need tourism. Hence the present initiatives.

Only a few years ago there was a disastrous shortage of hotel accommodation for visiting businessmen. Hotel building was encouraged and international hotel chains rushed in. Now there is a large number of luxury establishments in Abu Dhabi, Dubai and Sharjah with excellent facilities, good food and service, swimming pools and other amenities. All these hotels are licensed to serve alcohol, which is not permitted to independent restaurants.

But the number of rooms available has exceeded demand, so that hoteliers are urgently looking for business. Some Abu Dhabi hotels claim to be fairly well filled, but in Dubai, which has much more accommodation, and in Sharjah, some are almost ghost palaces at times and managers are delighted if they can show a 50 per cent average occupancy.

In transportation, although the position is not so acute, there are seats to be filled. Both main cities have an

extensive range of world air services by about 30 international airlines. At peak periods, such as when the children of European expatriates are travelling out and back during school holidays, the flights may be full, but for a lot of the time there are empty seats on the big 747s and 737s which the airlines would like to fill.

There is no sign that services or seats will be reduced. In the case of Britain alone, in addition to the extensive services of British Airways and Gulf Air, British Caledonian now flies London-Dubai on its Hongkong route and efforts are being made to bring Laker into the region.

Apart from two basic needs for a holiday—accommodation and transport—the emirates also offer a hot, dry, sunny climate which is pleasant for nine months of the year,

although from June to September the heat and humidity are intense and disagreeable. There are many beautiful beaches and a warm sea.

Main roads are excellent. Shopping in the souks is at least fun and a visit to Dubai's new gold souk is worthwhile. There are sailing, watersports, deep sea fishing, tennis, and Dubai even has two ice skating rinks.

A mass tourism market is not being sought, but before operations on even a modest scale can be initiated three hurdles must be overcome.

First, the real attractions of the country for the right market must be made known. At present, although there are many travellers from the English-speaking countries and Europe, they are engaged in work or family visits.

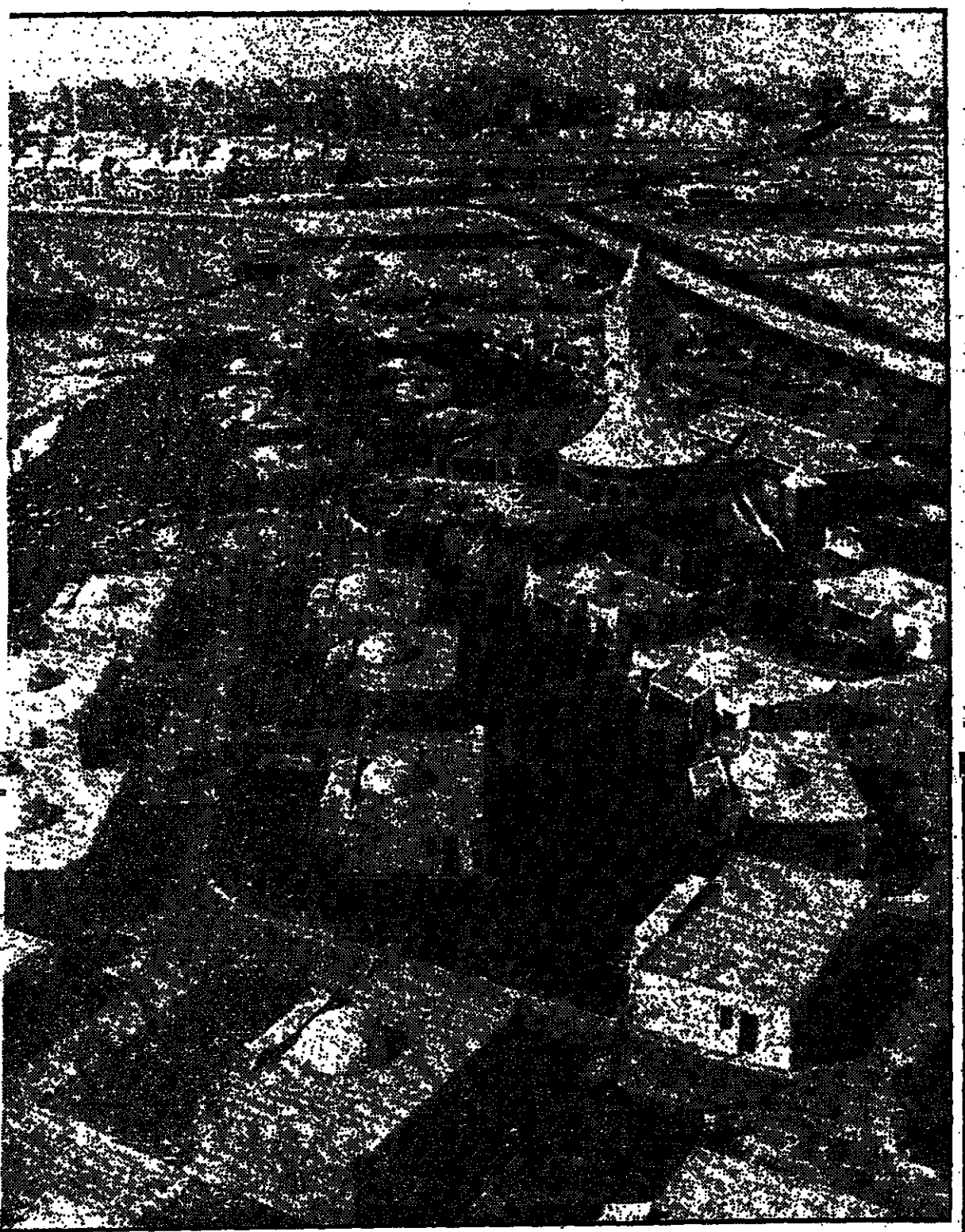
Second, the notion of excessive costs must be dispelled. Living costs in the UAE are high, and salaries commensurate, but hotel charges are no longer high in proportion to many other parts of the world.

Taking a few as a sample: the Dubai InterContinental quotes £55 for a single room, the Hilton £37.50 and the Metropolitan £33.50. In Abu Dhabi the Sheraton's figure is £53, the Meridien £38 and the Holiday Inn £32.

The cost of a double room is seldom more than a further £10 and sometimes less. These are the official prices; as hoteliers remark wryly, they are often negotiable when occupancy is low.

In relation to London these charges are not exorbitant, nor are meals in the hotels; a good meal, without drinks, in the coffee shops can be had for £5 to £7.

The third hurdle is the real problem—the high cost of air fares. A recent agreement between the airlines concerned brings the London-Abu Dhabi and London-Dubai return down to £450 under certain conditions and £388 to tour operators when arranging an inclusive holiday. This is a considerable improvement on the existing £617, but it is still not low enough for competitive tourism.



exclusive Marbella Club is set beside the Khalid Lagoon in Sharjah.

## Package holidays may be on the way

pite inhibiting air fares, package holidays are all being marketed in a big way, and show positive interest.

Sharjah which has a certain light-hearted cachet has been early to this business. Seven man travel agencies have flocked to Sharjah in their 1 programmes.

Sharjah, for long a port and ding centre, has the picturesque quality of its quays and shows still load and load and the traditional dhow ferry boats, the us, ply across the creek, also has a more relaxed, mopolitan atmosphere in Abu Dhabi and is likely to prove the focal point for holiday trade.

DNATA is Dubai's semi-official but self-financing body for handling airline and arrangements. It is no means the only IATA agency in the state, but it is established, and has a lot of experience of all ways, needs and conditions.

Mr Maurice Flanagan, managing director of IATA, is one of the people most interested in and forthright about tourism in the emirates.

Charter flights, he is sure, are not the prescription for holidays in the UAE, though they are one way of obtaining cheaper numbers of seats on scheduled services and this is where tourists are needed, so tour operators' thinking should be channelled into groups of 20 to 50 on regular services. The services provided for the visiting businessman are equally suited to the leisure traveller.

Already DNATA is handling groups from Australia and New Zealand which make this a stopover on their way to Europe.

This started with a simple sightseeing excursion to interest travellers who had a 12-hour transit stop in Dubai, and is now a packaged stopover holiday which can be extended to 10 days.

Although most short-term visitors from the United Kingdom do not need visas, generally speaking visas and a sponsor within the country are required for entry into the UAE. This is something which DNATA handles for groups organized by them, but at the Arab Travel '80 conference held in Dubai last November a number of speakers emphasized the need for the whole visa system to be simplified in the UAE and other Arab countries.

British Airways with its frequent services into both Dubai and Abu Dhabi is particularly interested in the future of holiday travel and is hoping to offer a two-week package in the UAE in its Sovereign Holiday programme for the winter 1981-82.

This may be based on two new hotels, a big resort one with 300 rooms at Jibel Ali, close to Dubai, which will have its own marina with boating, water skiing, and facilities for other recreational sports such as horse riding, and the 40 or 50-room Hatta Hotel Island, in a mountain

and desert setting. The inclusive cost of such a holiday should be about £500.

Apart from the package holiday there is scope for developing the "visiting friends and relatives" market which accounts for a significant proportion of airline travel between Britain and the United States, Canada, Australia and New Zealand.

There is also a call for conference business, although it cannot be channelled into the off-peak holiday seasons as in so many European resorts, because the "trough" months of June to September are too uncomfortable climatically. However, with the hotel availability and Dubai's fine UAE welcoming and relatively well organized. For example, at Dubai airport there is a desk where you can pay in advance the official charge for a taxi to any hotel, thereby obviating the problems of haggling over the price on arrival.

Local taxis are cheaper than those in London. In Abu Dhabi a 10 to 15 minute drive will cost less than 50p, and in Dubai the accepted fare to go anywhere in the town and its environs on the Dubai side of the creek is 5 dirhams, about 65p.

In Abu Dhabi the InterContinental and Sheraton are the most expensive hotels, and like the Hilton and Meridien offer international de luxe standards.

The Holiday Inn provides near luxury accommodation, is central and well known for its cuisine.

Dubai's InterContinental Hotel remains the "classic" with the highest tariff and is the traditional meeting place for business visitors. The Sheraton and International come next in price range, then the Hilton, which is part of the Trade Centre complex. There is the elaborate Wyndham Regency.

The Metropolitan provides excellent value for money and is keen to supply the needs of British visitors, being run by a British company. It is out of town on the Abu Dhabi road not far from the Trade Centre and Jibel Ali port. The Excelsior, Chicago Beach, Astoria and Carlton Tower are all slightly cheaper and accustomed to international travellers.

Sharjah's Meridien Hotel is by far the most expensive; an attractive, spacious building with a charming pool area. Among others are the Carlton, the Holiday Inn, the Beach, Novotel and the Aladdin.

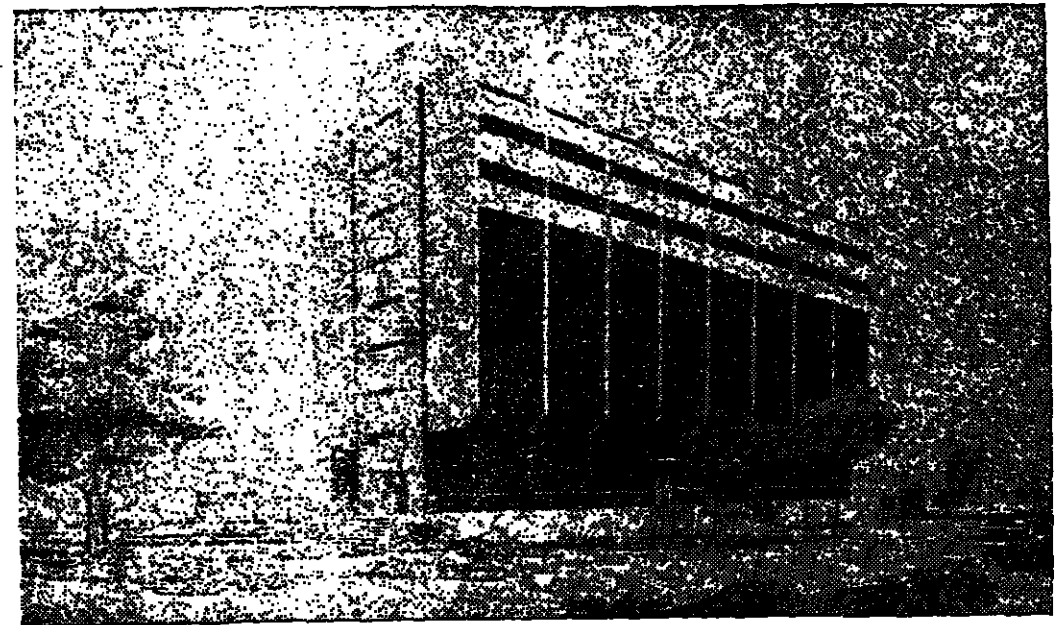
In other cities choice is more limited. Fujairah has a new Hilton, Khor Fakkan a Holiday Inn, Ras al Khaymah the Ras al Khaymah Hotel.

Although officially the visitor is not permitted to bring alcohol into the UAE its airports are well provided with duty-free facilities for the outgoing passenger. Dubai prides itself on having the cheapest duty-free shop in the world, where a bottle of whisky costs less than £1.



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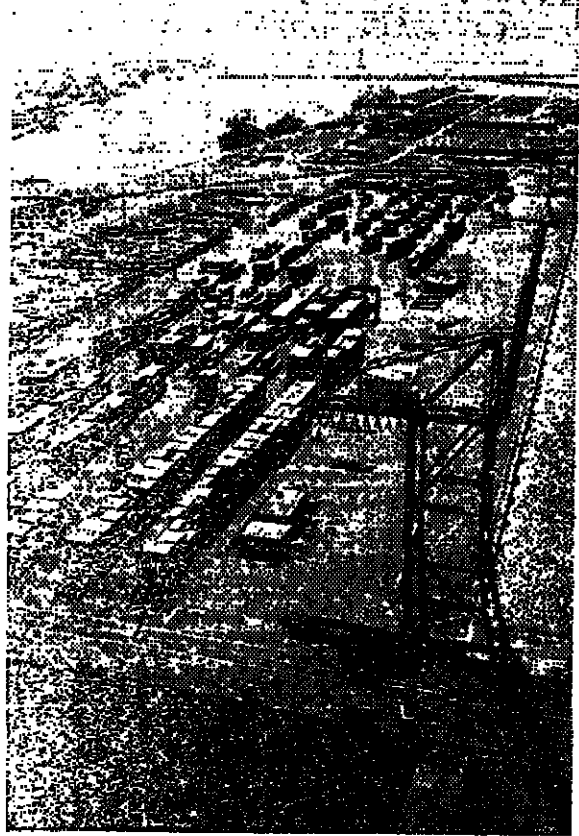
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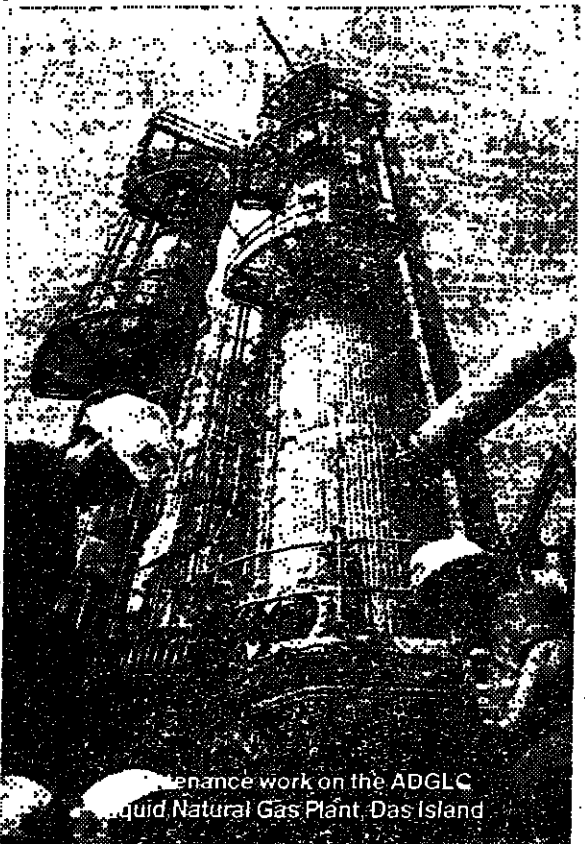
The Port Rashid Extension in Dubai showing the new container terminal



Dubai Dry Dock and Ship Repair Facility United Arab Emirates



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## Business

# Careful homework needed to avoid mistakes

Businessmen who are planning to enter the UAE market for the first time should study it before doing so. The way to big profits is not as simple as might first appear, and misconceptions can lead to many pitfalls.

The UAE is a federation of seven emirates, which over the past decade since its inception has managed to unify many aspects of its organization such as its currency, customs and excise, and postal services. One important exception is the economy: each emirate retains control of its own natural wealth and resources as laid down in the federal Constitution. Most importantly this applies to oil, natural gas and other mineral resources. This is one reason why until recently it has proved almost impossible to produce a federal budget.

Each emirate is a separate economic entity, the basis of which differs greatly for each, and must be treated as such by anyone doing business there. The economy of Abu Dhabi is based entirely on oil, which is its only natural resource. Even now this is limited to the production and export of crude oil, although steps are being taken to diversify the economy by the construction of the Ruways industrial area in the desert west of Abu Dhabi. Original plans for this have been modified so that production will be limited to the petrochemical industry. This will include a refinery, liquid natural gas, and fertilizers.

By contrast the economy of Dubai is historically based on the import-export trade, with the production of oil as a recent adjunct to its economy. Dubai is a minor oil producer only from an offshore field. Merchants are always quick to take advantage of any regional economic situation. The disparity in the price of gold between the Gulf Umm al Qaywayn from its sub-Saharan Indian sub-continent led to a flourishing gold smuggling trade from Dubai into the sub-continent, upon which the economy of Dubai flourished for many years.

Dubai has recently embarked on a large-scale diversification of industry with the construction of an aluminium smelter which is already producing and an industrial port at Jibel Ali. The Dubai drydock, completed some time ago, awaits a management agreement before it can begin to operate.

The economy of Sharjah, only 10 miles from Dubai, has overextended itself and has been ailing badly. Many businesses have burnt their fingers and some large debts have been outstanding for several years. The economy has been based on the revenues of an offshore oilfield, the diminishing revenues of which were shared with Umm al Qaywayn. Sharjah has attempted to benefit from its proximity to Dubai with mixed results. Hotels built to take advantage of this, and offering cheaper prices than those in Dubai, have met retaliation from that direction.

Hope is rising again in Sharjah after a recent oil and gas discovery on the mainland and as a result the conflict between Iraq and Iran. A deepwater port with roll-on, roll-off facilities has been built at Khor Fakkan on the Gulf of Oman, where goods for the Gulf can be unloaded out of the Straits of Hormuz, thus avoiding the high insurance rates for the Gulf. The port of Sharjah has benefited from the conflict in the same way as Dubai, offering offloading and storage facilities, and even forwarding of goods consigned to Iran.

Ras al Khaymah, again, provides a sharp contrast with the economies of the other emirates. So far, in spite of many false alarms

over the years, neither oil nor gas has been found in commercial quantities in Ras al Khaymah. However, the emirate does possess two resources lacking in the other emirates so far mentioned: fresh water and stone. Lying at the foot of the Hajar range, Ras al Khaymah benefits from the run-off of the rain which falls over the mountains, mainly during winter.

This permits a limited amount of agriculture based on groundwater irrigation, and particularly during the winter months Ras al Khaymah supplies fruit and vegetables to the populations of the towns along the southern shores of The Gulf. Stone for building and limestone are quarried in Ras al Khaymah, and exported around The Gulf. Stone is almost completely lacking along the western and southern shore of The Gulf, and has been greatly in demand in recent years for deepwater port construction and other building purposes.

The remaining three emirates of Umm al Qaywayn, Ajman and Fujairah are either so small or so lacking in resources that their economies are negligible and they rely on federal assistance or assistance from the wealthier emirates for their development.

Fujairah, whose only coastline is on the Gulf of Oman on the far side of the Hajar mountains, has until recently been almost cut off from the rest of the UAE. The construction of a Tarmac road through the mountains has mitigated its isolation. Fujairah has potential in the rich fisheries of the Gulf of Oman, and limited agriculture in the wadi beds. The possibility of the discovery of offshore oil should not be discounted.

A United Kingdom passport holder no longer requires a visa for a visit to the UAE not exceeding 30 days, and he can enter or leave the country at any point. The passport must be endorsed "Holder has right of abode". There are government departments, such as the British Overseas Trade Board in the Department of Trade, whose export services and prompt assistance can help businessmen before embarking on a venture in the UAE.

Better still is to join a trade association, such as the Middle East Association, of Bury Street, in London, which caters for this purpose. Businessmen with the briefest of requirements. Such an association will also advise businessmen on when and where not to visit the UAE.

How many British businessmen have arrived with limited time at their disposal only to find that it is the month of Ramadan, flourishing Dubai with the conduct of business is at a low ebb, or that their visit coincides with a three-day religious festival than those in Dubai, have met retaliation from that direction.

The commercial section of the British Embassy in Dubai is strongly advised. Should you get into any difficulty—such as knocking over a local inhabitant when driving a car, the embassy will start looking for you if it knows you are in the country.

The commercial section can help in other ways. The commercial secretaries are proficient, enthusiastic and in the same way as Dubai, offering offloading and storage facilities, and even forwarding of goods consigned to Iran.

Much leading Arab businessmen in the UAE speak good English, are well-travelled, and are accustomed to dealing with European—



Sharjah's fruit and vegetable market place offers a wide choice.

and particularly British—businessmen. There are certain basic principles, however, which the visiting British businessman should understand. This can lead to friction and disputes. The local demand is increasingly for skill and not just profits.

Much attention should be given to the establishment of agencies. Suitable agents can be found only by personal contact. There is as yet no federal agency law. A federal agency law (6/75) was passed but was never brought into operation. In Abu Dhabi law 11 of 1973 is the relevant law but is out of date and only loosely applied. Only Abu Dhabi companies holding an Abu Dhabi trading licence may legally hold an agency, and agency agreements must be registered with the chamber of commerce.

It is difficult to terminate an agency agreement, so it is advisable to start with an informal agreement for a trial period before registering an agreement. In Dubai and the other northern emirates there are no agency laws or regulations, although the chamber of commerce in Dubai does stipulate that once an agency agreement has been made with a local agent it may not be taken over by a foreigner.

As in Abu Dhabi it is difficult to terminate an agency agreement, and it is advisable to consult the commercial section in the British Embassy in Dubai before attempting to do so. (For historical reasons there are two British embassies in the UAE—in Abu Dhabi and Dubai—although there is only one ambassador, resident in Abu Dhabi.) For all these reasons separate agents should be appointed for Abu Dhabi, Dubai and the other emirates.

In January 1980 federal

the British businessman should study what this involves and how it is seen by the local Arab merchant. He will expect to be involved, whereas the British partner may require him only in the role of a sponsor. Failure to understand this can lead to friction and disputes. The local demand is increasingly for skill and not just profits.

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In January 1980 federal

legislation was passed which was aimed at stemming the tide of illegal immigration and controlling the number of expatriates working in the UAE. It affects Europeans as well as Asians and others. Any employee relinquishing his job or changing sponsorship must leave the country for a minimum period of one year. It remains to be seen how this legislation, which has caused consternations in Asian circles, will work out. Any company intending to establish itself in Dubai or Sharjah must obtain a licence from the municipality and join the chamber of commerce before starting operations. A foreign company wishing to open a branch or wholly-owned subsidiary must find a UAE citizen as a guarantor for 100,000 dirhams, but no guarantee is needed for a joint venture.

In late 1980 a new tender law was circulated by the federal Ministry of Finance and Industry regarding procedures to be followed in buying materials and dealing with contractors. Contracting business and materials bought from the local market must be assigned to companies owned by UAE nationals or having 51 per cent of their capital owned by UAE citizens. Tenders worth more than 10m dirhams must be approved by the federal Cabinet, and those in excess of 5m dirhams by the Minister of Finance. The chairmen of the tenders committees may approve tenders not exceeding 500,000 dirhams.

The purchase of materials by direct order can be authorized by the Assistant Under-Secretary of the Ministry of Finance for orders not exceeding 100,000 dirhams. The Under-Secretary for orders up to 250,000 dirhams, and only the Ministry of Finance for orders exceeding that.

Tim Owen



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UNITED ARAB EMIRATES

Expatriates

# Not only the money lures them back

I'm only here for the money. What else is there? A British expatriate in Dubai says. A moment later he adds: "Actually, it's not so bad. This is one of the best places in the Gulf. We have a good social life—no end of parties and barbecues on the beach. There is swimming, water-skiing, surfing." His smile widens: "My boys are going to school in the United Kingdom always look forward to their holidays here. Plenty of things for them to do, such as visiting the coral reefs." It is common to meet expatriates who came to work in the UAE for two or three years, fully prepared to write the time off as lost, yet who stay for five more years. A surprisingly large number of those who have completed their term in the UAE say it is not only the money that lures them back. For the British, the largest expatriate community in the UAE, the United Kingdom is far away where people form orderly queues, telephones always work, you never get sold short, reality can be disappointing. Gloomy Britain compares favourably with the pace of the oil-rich sheikhdoms following with petrodollars. They are states running catch up with the twentieth century, lands of opportunity and one of the frontiers of unadulterated enterprise. Westerners taking a job in the UAE can expect to earn to 90 per cent more than would for the same job in the UK. Salaries in the two employment centres, Dubai and Abu Dhabi, are roughly the same, although, if anything, Abu Dhabi has the edge.

According to a survey by ondon-based management consultant, Executive Resources International (ERI), the emerald manager of a construction firm earns upwards of \$3,400 a month—tax free—while at the lower end of the scale a foreman is home \$1,770. The monthly salary of a chief executive of a commercial ration is about \$3,270. A marketing/sales manager or a personnel manager earns about \$2,725 monthly. While the job titles may be the same as those in the West, the work can differ greatly. The image of developing countries, such as inefficient bureaucratic systems and rather hazardous services and communications, make the day-to-day administration of a business a tiresome and irregular task. At senior management levels a strong commitment to business-oriented social life is also expected. A great many Western women whose husbands work in the UAE also find employment, particularly in public relations and as secretaries. The monthly salary for a secretary ranges between \$550 and \$1,350. The standard working week is a six-day 48-hour week, although many companies work only a half-day on Thursdays. The normal leave for expatriates is 30 days a year. Living costs depend to a great extent on the fringe benefits included in an expatriate's contract. Management staff are usually allowed to bring their families. They can expect free furnished housing, a company car and free travel home for the whole family at least once a year. Overall living costs—excluding accommodation and transport—are roughly the same as in London. Abu Dhabi is marginally more expensive than Dubai and the rest of the northern emirates. ERI's monthly budget for food and drink for a family of four in Abu Dhabi totals about \$688. The same purchases in London work out at \$652 and in Dubai at \$642. Broken down into categories the Abu Dhabi costs are: meat and fish \$210; fruit and vegetables \$109; groceries, \$290 and alcohol and soft drinks, \$79. What local produce there is tends to be cheaper. Fresh fish—such as hamour (grouper)—from the local suks sells for \$2.75 a kilogram. Imported frozen cod costs almost six times as much.

A licence to buy liquor to drink at home is available to non-Muslims earning more than \$1,350 a month. Most hotels sell alcohol—including draught beer—and Thursday afternoon drinking sessions at the Red Lion bar in Dubai's Metropolitan Hotel are local legend. Drink problems are fairly common and there is even an entry in the UAE telephone directory for the self-help group Alcoholics Anonymous. The monthly expenditure on hardware and collectibles in Abu Dhabi is \$102. Dubai is slightly more expensive than Abu Dhabi for personal services, such as hairdressing, dry cleaning and shoe repairs. Dry cleaning is done to a high standard, comparable with the best in Europe. Shoe repairs in the suks, however, have a bad reputation and could ruin a good pair of shoes. There are many modern supermarkets in the UAE—possibly too many—and the competition is fierce. They offer a wide choice of imported foods but prices have been known to vary by more than 30 per cent between shops. Many of the best food buys come from Australia and New Zealand: imports from these countries tend to be cheaper than those from the United States or Europe. Fresh vegetables grown in Al Ain and Ras al Khaymah are less expensive than imports and are proving increasingly popular with expatriates. Differently from many other Islamic countries, it is possible to buy pork and bacon in the UAE. Most hotel and restaurant menus, however, offer only "beef bacon", presumably so as not to offend the sensibilities of visiting Muslims. Competition between the car salesrooms is also rife and several dealers have lowered their prices, particularly on Japanese models. The cheapest Honda Civic costs about \$3,950 and a Datsun 1200 costs \$5,177. Fitted air-conditioning and stereo radio/cassette players are standard even in the cheapest cars. At the higher end of the market, a Peugeot 504 costs \$9,580. A gallon of super-grade petrol sells for about \$1.

Shopping in the suks can throw up some real bargains. They are a good source of cheap cotton clothes, especially for children, or beachwear. House-ware facilities are readily available in the boutiques, but only for an exorbitant price. Hi-fi equipment, cameras, calculators and the like can still be bought reasonably cheaply in the suks. There is an abundance of shops exclusively selling a wide range of professionally packaged and obviously pirated—tape cassettes. They are one of the outstanding bargains at just more than \$1 each. One of the most popular and accessible suks is the new one at Sharjah. It was designed in the "Islamic style" but bears a curious resemblance, at least from the exterior, to a Victorian railway station. The construction boom of the mid-1970s has ensured that housing and office space in the past few years has been in ample supply and at cut-price rates. This is rapidly changing. Certainly in Abu Dhabi, residential and office accommodation is becoming scarcer and rents are rising. Most of the buildings scheduled to come on to the market in the next year have already been taken up by the Government or the oil companies and the outlook is unpromising. A three-bedroom flat in a central location goes for about \$24,523 a year while the rent for a two-bedroom flat is about \$20,435. The annual rent for a villa ranges from \$35,420 to about \$43,600. In Dubai the situation is not so desperate, although the cheaper end of the market is fast being taken up. A three-bedroom flat goes for about \$12,260 a year and a two-bedroom flat for \$9,540. Top rent for a villa is \$27,800 a year. Sharjah has the cheapest housing in the UAE and this has helped it to retain its flattering image of being Dubai's dormitory. Many expatriates prefer to live in Sharjah and commute the 20-minute drive to work in Dubai. Annual rent for a two-bedroom flat in Sharjah is about \$3,500 and a villa costs about \$11,000 a year. The emirate's recent oil discovery, although modest by Abu Dhabi standards, looks certain to help push up prices. The latest phrase concerning accommodation in the UAE is "the complex phenomenon". This refers to the luxury apartment buildings that have shops, restaurants and recreation facilities neatly contained in a single complex. A good example in Dubai is the Galadari Galleria housing/office block which includes a thirteenth-floor swimming-pool and an ice-skating rink among its amenities. A two-bedroom flat in the Galleria costs about \$16,000 a year. Teaching standards, particularly in the English-speaking primary schools, are high—so high, in fact, that many expatriates worry that their children's education could suffer when they return home. The two main English-speaking primary schools in Dubai charge up to \$504 a term. The superior benefits and living and working conditions offered by the Abu Dhabi oil companies are the envy of all non-oil expatriates but on balance Dubai is probably the most sought-after posting in UAE. While oil wealth has transformed Abu Dhabi into a metropolis, it is recognizable to those who visited in the 1960s. Dubai retains much of its old character. For centuries it has been the region's principal trading centre and its dhow-lined creek is still the hub of activity in the emirate. In one of its many publicity stunts, Dubai last November hosted what was billed as the richest ever tennis tournament. It is easy to see what attracted the 16 world-class players to Dubai. Poland's Wojtek Fibak beat the Nasser to win the \$125,000 first prize but each of the 16 players were guaranteed \$25,000 for a week's work.

Michael Petrie-Richards Middle East Economic Digest



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### BALANCE SHEET AS AT 31 DECEMBER 1980

	1980		1980
	DH		DH
Capital and Liabilities		Assets	
Share Capital .....	23,000,000	Cash, bullion and balances with banks .....	14,033,727
Reserves .....	9,894,452	Deposits with banks .....	207,133,113
Proposed Bonus Issue .....	11,500,000	Statutory Deposits .....	14,060,214
Shareholders' Funds .....	44,394,452	Investments at cost .....	1,012,500
Current Deposit and other accounts .....	550,778,902	Loans and Advances .....	346,739,164
		Fixed Assets .....	9,094,470
		Other Assets .....	3,100,166
	595,173,354		595,173,354
Acceptances, confirmed credits, bills held for collection and guarantees issued on behalf of customers .....	150,139,382	Customers' liability for acceptances, confirmed credits, bills for collection and guarantees ..	150,139,382
	745,312,736		745,312,736

Chairman: A. R. M. Bukharir

Chief Executive: I. W. McNab

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The Bank commenced operations in 1976 with a Paid-Up Capital of Dh. 15 Million. The foregoing is expected to be completed by mid-March this year.

Bookshelf

## Gimmicks needed in sales race

In Kuwait where Violet son lives on in a lovely, i-cooled house on the front, so in the UAE are stayers on who ember a tribal era of our, blood and disunity which the British had a defence point for trade routes and a shield next the Beduin of the -ior.

hen, some years ago, I ped off the tidy streets abu Dhabi to visit K. G. elon (The Times, 1976), a ary figure seated before a vision which represents the federa- tion's coming of age has tribes which could not

to wilder places such as Kenya. Today business, tourist and map guides of the emirates proliferate. An element in the publishers' race to sell is the search for gimmicks. Last year Hawk Publishing of Ajman produced a handy A to Z Business Location of Dubai in which location points are superimposed on aerial photograph maps. Meanwhile, the Orient Group in Sharjah published a bright little book with multi-coloured page-ends called This is the United Arab Emirates in which each of the seven emirates is given a brief introduction with maps and useful addresses.

Tourist Research and Planning of Switzerland, meanwhile, has produced a UAE kit in plastic packets consisting of Abu Dhabi and Dubai "portfolios" (colour slides of development scenes) and narrow, plastic-bound handbooks which fit the breast pocket. The Dar al-Hikmah Bookshop in Dubai has produced a detailed road map of Dubai and Sharjah from an undisclosed source. Western publishers perhaps have been deterred from this market by the fact that, without a government bulk deal on offer, the population of the UAE cannot absorb a profitable print-run. Indeed, for well-researched facts on the UAE, the businessman might do better to use the 1980 report published by the Middle East Economic Digest (MEED), or the 1981 Gulf and the Middle East published by the Middle East Review Company in Saffron Walden.

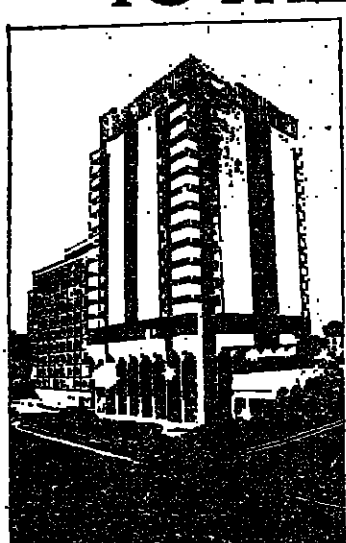
Outside prestige publishing for which bulk deals are sought rather than the favour of the open market, data books are considered a safe sell although the reader would be wise to differentiate between the serious publisher and the local "quickie" publisher who lifts much and does so carelessly. The DAE Business Key published by Dubai's Datamation Systems last year in a second edition does not merit this indictment but does suffer from the difficulty of achieving accuracy in a swiftly changing world. A directory of executives and businesses, it covers Dubai and Abu Dhabi reasonably well but is scanty on the smaller states. Umm al Qaywayn has only 15 entries. Like many such guides, it is often out of date. It quotes the Canadian investment company Wood Cundy which had pulled out of Sharjah in mid-1979. Falcon Publishing's 1980 Gulf Telephone Directory, with more than 40,000 entries, is probably the most useful directory on the market. The spate of books on the UAE, however, is not entirely business-oriented. Linda Saffan's The Women of the United Arab Emirates (Croom Helm, 1980) analyses a theme which is agonizing for Islamic states that are unable to coordinate energetic efforts with the essentially family-oriented role of women in an Islamic society. Despite the active support of female emancipation given by Sheikh Zayed and Shaikh Fatima for equal opportunities in education and employment, social prejudices in the UAE die hard, preventing most women from taking jobs

which bring them into regular contact with the public, let alone from studying abroad. However, Linda Saffan's interviews with a cross-section of UAE women show that a closer husband-wife bond exists between the younger generation than it did with their parents. Moreover, women who have entered government and other employment are exerting themselves to improve the status of their sisters. The UAE experiment, the galvanization of scattered tribes with only the wisdom of leaders used to confronting the elements and enemies on which to build democratic unity, should offer much scope to Western publishers.

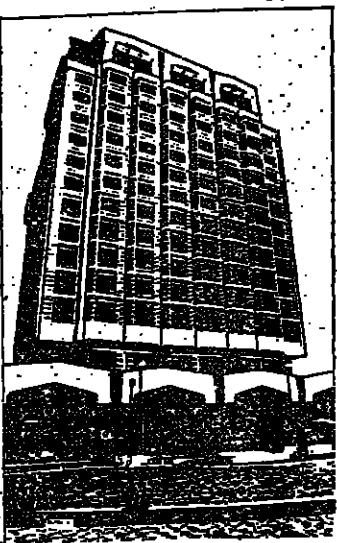
However, the obsession for the "quick sell" engendered by the Western recession and the strictures of a small local market discourage publishers from serious analysis. The lure for Western publishers is in English as a foreign language, particularly since a course created for one country can be tailored to suit another. Oxford University Press's Crescent course adopted in schools in Jordan, Qatar and Oman while Macmillan's Saudi Arabian Intermediate Schools (SAIS) course is in use in Saudi schools. Such courses offer much to their counterparts in the UAE. There are, however, still those who write about the UAE with impressionistic delight. Mark Allen's Falconry in Arabia (Orbis, 1980) illustrates the just surviving sporting culture of the old world. Beautifully written by an expert of the art, it merits Thesiger's glowing introduction. For the businessman in the UAE who has shared a modern lift with a Bedu with huge falcon perched on gloved wrist, the book will not be an anachronism. The book, based largely on Mr Allen's hunting forays with Sheikh Zayed's nephews, was launched in London's Moorland Gallery, and accompanied by colour plates of hawks and their habits which included one of a young Shaikh Zayed, a falcon gripped to his glove. There will be many more books on the UAE but few will merit the attention. The historical background has been covered by writers mentioned above and by newer writers such as Rosemarie Said Zahlan (The Orient, 1980), Macmillan, 1978), but a proper analysis of the social, cultural and ethnic significance of explosive development in the country still awaits a publisher.

Trevor Mostyn Middle East Economic Digest

## FROM ONE END OF THE EMIRATES TO THE OTHER



ABU DHABI



SHARJAH

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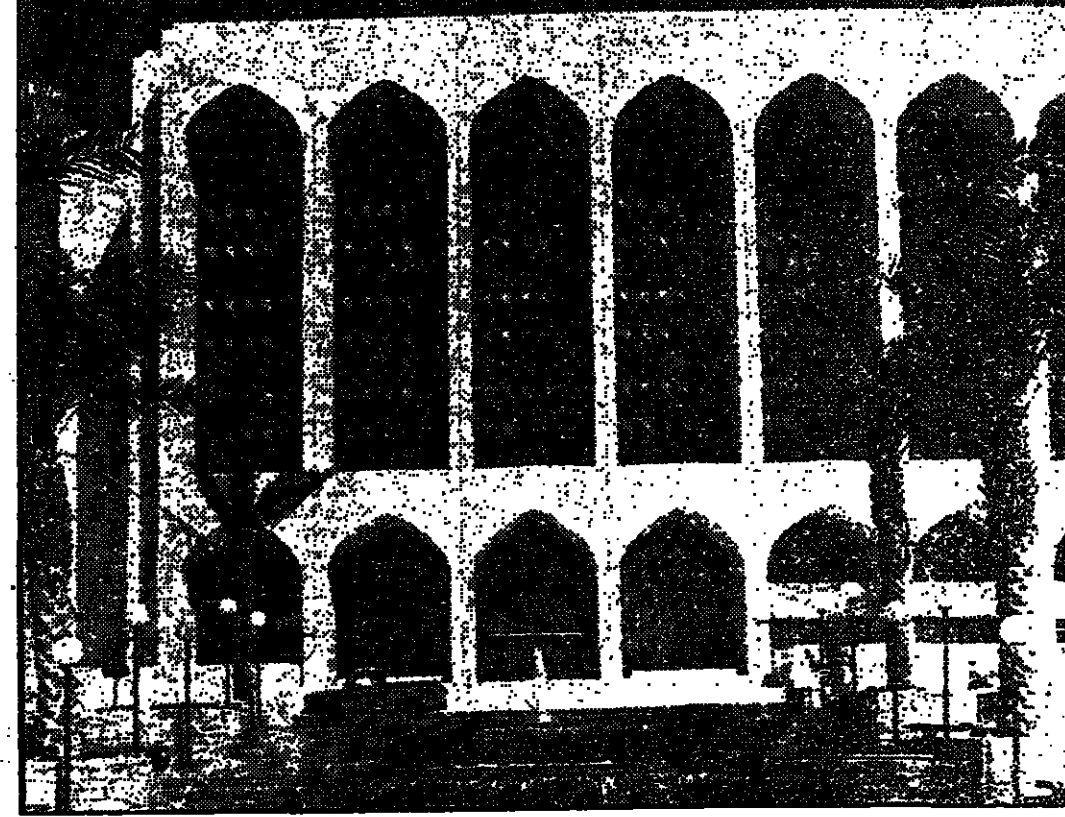
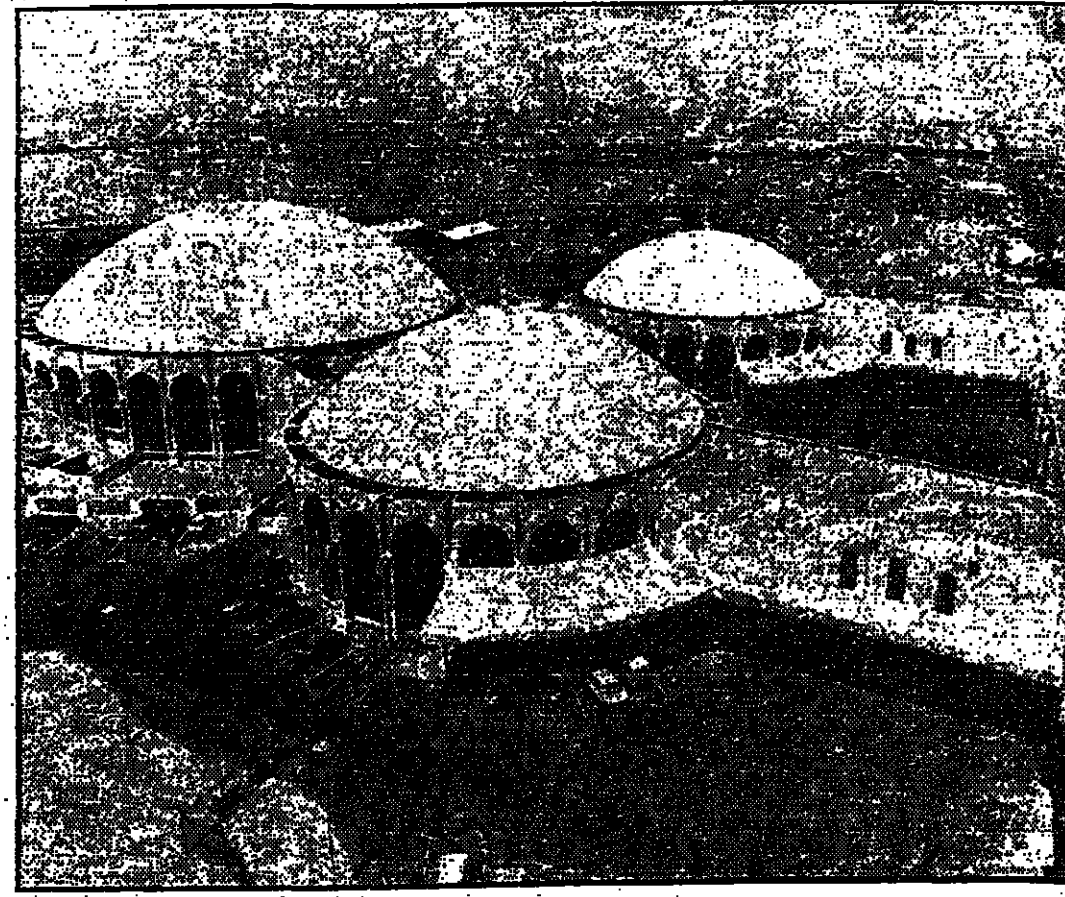
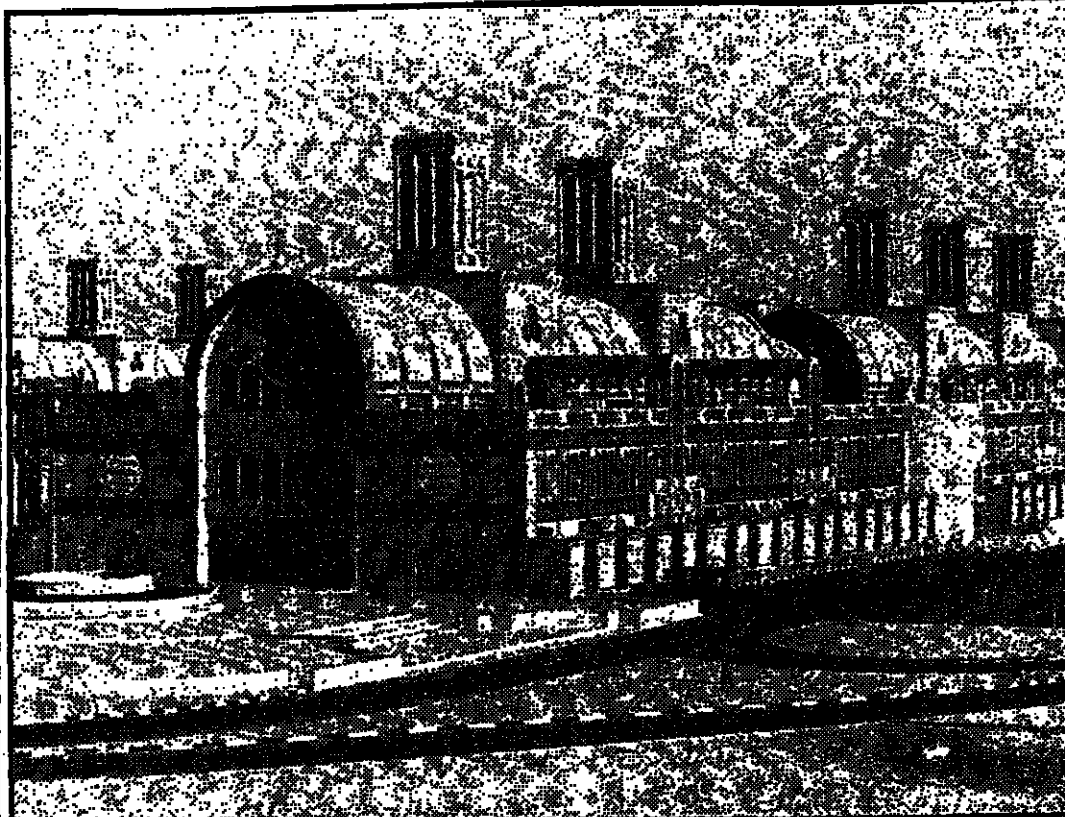
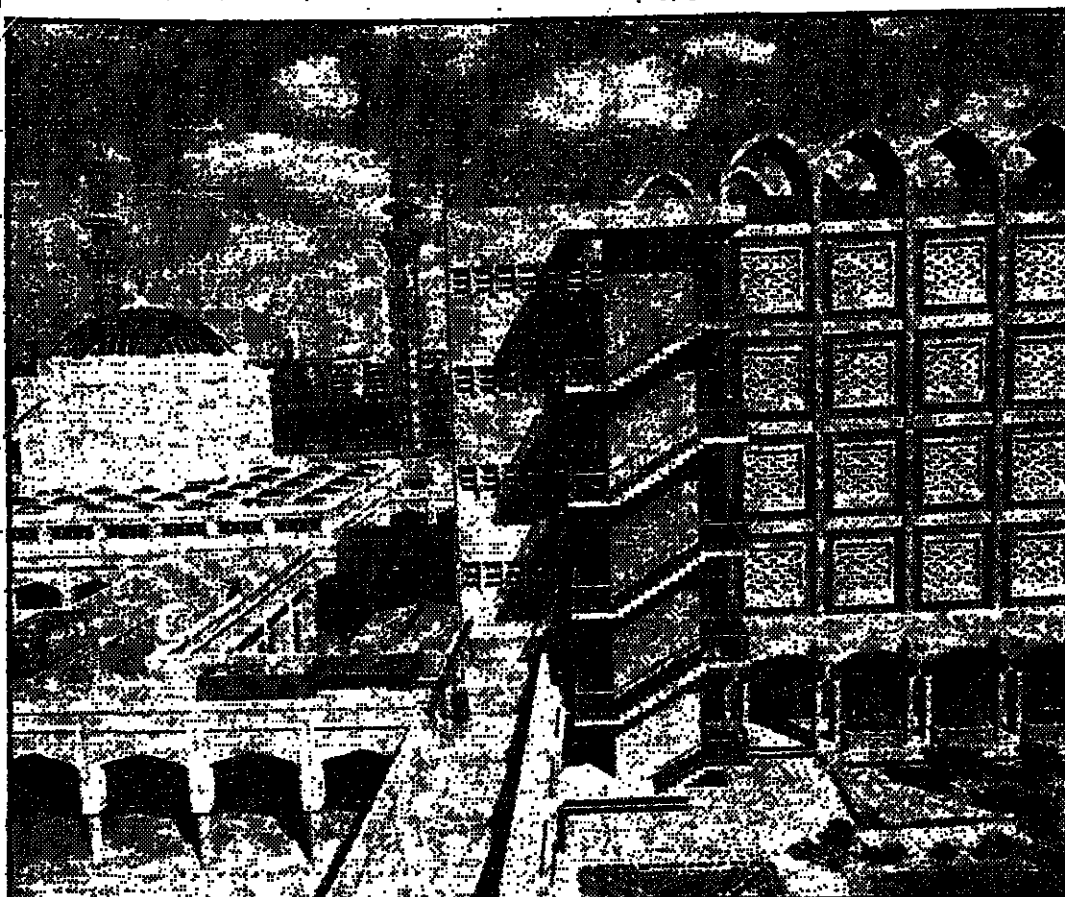
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## UNITED ARAB EMIRATES



Modern architectural design is flourishing in the UAE. The new suk at Sharjah and (right) the Abu Dhabi Currency Board building. Top: Al-Ayn university and (right) Sharjah airport.

### Architecture

## In glitter and style new buildings are better than older ones

Looking at architecture in the Emirates is like watching a stylistic history of modern Western architecture telescoped into a decade. Things happen faster out there: and, perhaps, style changes faster too. For example, the *Architectural Review* devoted an entire issue to the Emirates in June 1977; yet less than four years later, the most interesting buildings to be seen are those that were barely on the drawing-board at that time. In glitter and quality, the new buildings—such as the Sheraton Hotel, Dubai, and the National Bank of Dubai—are of immeasurably better quality than most of the older ones.

Most modern building—indeed most building—has taken place in Dubai, Sharjah and Abu Dhabi: very little in Fujairah, Ajman, Umm al-Qaywayn and Ras al-Khaimah, but the statutory airport and hotel at each. That is probably explained by the historic preeminence of Dubai's creek.

To the outsider, a great deal of what has been built seems no asset whatsoever to the Emirates save in the achievement of increased accommodation. For every grand monument of commerce or government, there are countless blocks of off-the-peg flats and offices, scattered like some ghastly southern French suburb and creating not the slightest sense of place or occasion. Many such developments have been designed by Egyptian firms, although some have been produced by British developers trying to export pre-packaged accommodation to meet the housing demand, frequently with little regard for the local climate or environment.

Architects often respond better when designing in an area of existing character. Some of the most crass buildings of the Middle East are those which stand aloof on some wide open site, with no constraint save the architect's lack of imagination.

Some of the finest have been built adjoining or close to ancient buildings, or to the Dubai Creek—or have been designed to fulfil some traditional function, such as that of a mosque.

It is therefore a pity that the Emirates still seem to disregard the value of their heritage. The Bastakiya—the older Iranian quarter of Dubai, with its intricately carved wind towers and decorative doorways—is under threat, while the really old area of Shindaga is in as shabby a condition as can be seen in, say, Jamaica.

There are glorious exceptions. The Port, in Dubai, is a fine museum, and in Doha British architects were involved in the development of a superb museum, part new part old, which has encapsulated all the faint traditions of Qatar. On rest days, the museum is full of Arabs who consider that it draws together all the intangible signs of their culture into a realizable form. The scheme

recently won an architectural award from the Aga Khan.

The modern buildings are designed for modern uses, and British architects have been mainly involved in the design of hotels, banks, trade centres, airports and the like. In Dubai, British involvement dates back to a development plan in 1959 by John R. Harris, an architect who has been responsible ever since for a high proportion of the foreign-designed buildings there.

One of his earlier buildings was a neat, modern, little building for the National Bank of Dubai, which won affection for the way its crispness stood out on the muddled waterfront.

He then went on to design the gigantic International Trade and Exhibition Centre, part of which complex is the low-slung Hilton Hotel, a welcome oasis of coolness. The great concrete tower of the exhibition centre is visible from far away: it is the tallest building in the

Emirates, but there are buildings of equal distinction in other parts of the Emirates.

Unfortunately, a number of buildings proposed in the mid-1970s had the same heavy "Europeanness". Mr Harris's elegant Rashid Hospital of 1973 soon required more space, and in 1976 he won the competition for a new hospital, the main component of which is a large, 14-storey slab. Not far away, the Abu Dhabi Hilton, by Brashear and Lancaster, also took on monumental proportions, on the excuse that their combination of great tower and single-storey balcony gave the image of a fortress in the desert.

Original desert fortresses, of which the Emirates have a number, were more elegant. The smaller buildings were frequently more successful. The Dubai police headquarters, by Cagdas and Associates, is a notably neat and elegant building, making good use of colour contrast (white walls and red doors)

and proportions. Perhaps this type of building was freer than others of frantic commercial haste—a factor which seems to lie behind much of what is less good in the area.

Perhaps as a result of the problems, a number of Middle Eastern clients—including the Rulers—began to insist that modern buildings should demonstrate greater Islamic feeling. Not that they were entirely bereft of such influence. Dubai's international airport (designed by Page and Broughton in 1971) contained more than a whiff of Oriental influence.

Its pointed columnar design is more Islamic than the Regent's Park Mosque in London, particularly when seen at night. However, it did not set a trend. European architects produced European schemes to such an extent that a reaction was provoked by a Middle Eastern competition won by APT Partnership was rejected by the client because it was insufficiently "Islamic".

The competition for Abu Dhabi's assembly hall complex was won by a scheme by Montgomery Oldfield Kirby which, according to Mr Kirby at the time, was "a very rational intellectual extension of the cube form". Whatever it was it was disliked, and the architects busied themselves to "Islamicize" it.

The most extreme case of this was the commission for the new Suk at Sharjah, in which the Ruler took a direct interest. The designers, Michael Lyell Associates, have to come up with a development which seems to have drawn inspiration from such disparate sources as the form of the old Crystal Palace, London, the patterned flushwork of medieval flint Suffolk churches, the grand spaces of the Galleria Vittoria Emanuele in Milan, and the climate and traditions of the Middle East.

One may regret the loss of the old Suk, and its traders; and one may feel that the character of the new development is spurious. But for all that, this great barrel-vaulted, decorated structure, complete with its wind towers and Bridge of Sighs between the two wings, has a grand presence and roof-scape.

Despite the re-awakening of demand for traditional architecture the most exciting buildings in the Emirates are undoubtedly the most ultra-modern. This may have something to do with an increase in the number of architectural competitions, which are having the good effect of encouraging talent like that of Kisho Kurokawa,

who won the scheme for Abu Dhabi's Conference City. Of the new buildings that are completed, perhaps three in Dubai exemplify the exciting future: the National Bank, the Sheraton Hotel and the Municipality Building. Exciting developments are in hand in Sharjah and Abu Dhabi but we shall have to wait for their completion before passing judgement.

The National Bank is possibly John R. Harris's best building in the Middle East: tall, rather slender and facing the Creek. A neat contrast is provided by shimmering, dark curved glass and smooth, honey-coloured towers; and the building is capped with canopies and arcades which effectively crown the structure and hit the clutter of lift tower water tanks and air conditioning equipment, seems a world away from the Trade Centre.

The Municipality Building is a real oddity, recalling some of the three-dimensional games played by New York Five. Outward a square building, its outline two walls, the remainder of the square being covered by a space frame. Within that hollow square are the main function rooms: a square marble, it is most intriguing and considerably more distinguished than the town halls erected in Britain over the past decade.

The gleaming star of the group is undoubtedly the Sheraton Hotel, by Ram Miletto Associates. From exterior, there are no geometric games; the building has, facing the creek, a shimmering skin, which from one view looks like a away cube, and from another like a space frame. It is planned in a series of vital rooms open into a full-blown atrium. This atrium gives the interior: elegant, sophisticated, graded into a confection of reds and pinks, spacious, light. There are master control systems.

There was a time when commentators believed that companies architects tried to export to the Middle East what they were not allowed to build in Britain. From the most recent developments in the Emirates, it is clear that standard of design has been outstripped that in Britain and possibly even Western Europe, and there are buildings of which both Eastern clients and the Western architects can justly be proud.

Charles McKee  
Architect  
Correspondent

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Defence

# Only a common threat will integrate forces

Armed Forces of the United Arab Emirates were unified in 1976, and the progress towards total integration has been slow but steady, though perhaps surprisingly so.

The obstacles have been personal and partly political. An example of the latter was the row which broke out three years ago when Sheikh Zayed, UAE President and until then the head of the forces, refused to appoint his son, Colonel Sultan bin Zayed, as the new commander-in-chief — and swiftly noting him to the rank of major at the age of 18.

It is difficult to consult the Rashid of Dubai, it might not have been constitutionally correct. It was at least a disservice. His similar fit of stubbornness over taking the Rashid's son, Sheikh Sultan bin Zayed, as the new commander-in-chief, was still more difficult to rationalize. Dubai's withdrawal from the united command was a 24-hour ultimatum which was a warning of an over-reaction.



Soldiers of the Abu Dhabi command.

Abu Dhabi's precipitate action is not meant to be an exception on paper, since the force structure was barely part of the armed forces. But the episode raised the difficulties of dealing with the Emirates' power should be quite as absolute as used to be. It set back the process of integrating the forces into a single happy family.

The rivalry between Dubai and Abu Dhabi, the two largest Emirates, is an old story. Ras al Khaimah, a late and unenthusiastic adherent to the union, had been involved in a dispute with Oman, of the other UAE rulers, which means approve. On the other hand there are benefits to the union of defence resources. In other, security is a sensitive subject which will become indivisible in the UAE only a commonly perceived threat.

Difficulties have had peculiar effects. The cry of Defence is in more or less the UAE — which is sensible enough. But command headquarters in Abu Dhabi, two hours away.

There are three reasons for the resistance: the central in Dubai, the northern in Ras al Khaimah. This again sounds reasonable. But the regions of tribal power, the union, and local interests remain strong. The Emirates, with Israel, so used in Abu Dhabi, the largest army before unification, but there are still in Ras al Khaimah — where it is in Sharjah — where it is

at least — is not too short of cash. What the country is short of is manpower. At least it is short of Arab manpower, which explains why the all-volunteer armed forces have to rely heavily for recruits upon expatriates.

The British consist largely of former officers and senior NCOs in the British Army, who sign lucrative contracts to defend the UAE. Many of the air force pilots are Pakistanis. But the most profitable single source of recruits is Oman. Bussards of Omanis at one time sped between the UAE and Muscat, on their way to spend a weekend at home or returning for parade on Monday.

There is some political advantage in having large numbers of expatriates in the forces, the chief one being that these are less likely to constitute a security risk.

The federal navy and air force, both of which were provided by Abu Dhabi at the time of unification, are relatively small. The Military Balance, published by the International Institute for Strategic Studies. The same publication gives the number of infantry battalions as seven, supported by three battalions of artillery and three equipped with French Crotales and British Rascals anti-aircraft missiles.

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Oman and Ras al Khaimah for instance could be embarrassing for some battalions.

On the other hand the UAE Government has few options. Troops are well paid, conditions are quite good and as long as the union remains at peace with the world, the life for a soldier of the shahs is reasonably congenial. But many Arabs prefer to earn an equally congenial and profitable living in the civil service. Conscription has been talked of as a possibility for several years, but there is no immediate plans to introduce it.

The UAE now has its own military training establishment for officer cadets, in Abu Dhabi. It has been named the Sheikh Zayed Academy and an increasing number of young UAE nationals are coming forward to be trained there before taking command in the ranks. The academy is run by Jordanians. But about two of the best cadets are also sent to Britain every year for training at the Royal Military Academy, Sandhurst.

Now and again an officer also comes to the Staff College at Camberley.

About 14 loan service personnel from the British

Army are in the UAE, in an advisory or training role. They include an officer in the Ministry of Defence in Dubai, another officer attached to the Commander-in-Chief's staff at Abu Dhabi — although he will shortly be returning — and 12 officers and senior NCOs who are helping the Sultan of Dubai to run his own troops. In an advisory or training role, they include an officer in the Ministry of Defence in Dubai, another officer attached to the Commander-in-Chief's staff at Abu Dhabi — although he will shortly be returning — and 12 officers and senior NCOs who are helping the Sultan of Dubai to run his own troops.

War has raised a fresh spectre. The Iranian air force, alarmed the UAE and other Gulf states by carrying out a couple of photo-reconnaissance missions last year. And the disputed islands of Abu Musa and the Tumbs in the Straits of Hormuz originally belonged to UAE members before they were seized by the late Shah.

On the other hand the forces have probably a more important role in propping up the UAE's prestige in the Arab world — by simply being there. In addition they should in theory have a strong stabilizing influence in a country which, though apparently at peace with itself, is all too aware of what can happen to Third World rulers who become complacent. Although there are no very evident radical movements in the country, the framework exists.

That is why the slow progress towards true unification while not very surprising, remains a matter of concern to those inside and outside the country.

Henry Stanhope  
Defence Correspondent

The press

## No straitjacket imposed by new charter

When the English language daily paper, *Khaleej Times* launched a door-to-door delivery service it was greeted with scepticism. It seemed an impossible task to organize a delivery service in a country where streets have no names, houses no numbers and entrances are frequently in obscure places.

The *Khaleej Times* managed the impossible. Now, almost three years later it has a circulation of 40,000 a day, printed on a press in Dubai and delivered by van throughout the country. The broadsheet newspaper is owned by one of Dubai's most influential families, the Galadari. It is the most widely read of the English dailies although the editorial diet is a bland mix of international wire service copy relieved by a growing amount of local stories and excellent sports coverage.

The other two English dailies are the *Gulf News*, owned by another Galadari, Abdul Wahab, and *Emirates News*, the semi-official newspaper printed in Abu Dhabi. *Gulf News* has been dogged by difficulties since its launch and seems destined to take second place to the *Khaleej Times*.

The English-language press, read by expatriates of all nationalities, is staffed by foreigners, and is careful not to upset local sensitivities. Officially the newspapers are not censored but editors and reporters alike practise a form of self-censorship which is probably more effective than a Ministry of Information censor sitting by the editor's chair. Everyone is aware that their exit is on a cancelled visa and aircraft ticket away. Thus local news tends to be a chronicle of ministerial meetings and talks with foreign visitors at which the reader is told that bilateral relations were discussed.

The Arabic press shows more editorial nerve. The undisputed leader of the Arabic newspaper pack is *Al Khaleej*, published in Sharjah by the Taryem family. The newspaper takes a lead in championing social causes in the United Arab Emirates. Frequently outspoken, it has never been banned, but has to be circumspect.

In Dubai the leading newspaper is *Al Bayan*, owned by Sheikh Rashid. Published on pink paper it fails to match up to the better known international publication which uses a foreign correspondents.

Despite WAM's efforts there is still a surprising amount of ignorance and indifference to the Gulf from the Western press. "I get international reporters coming to my office. They want to write a story about the UAE and then tell me they will be flying out tonight. What can they possibly find out in such a short time?" Ibrahim asked.

One international daily recently had its knuckles firmly rapped by the ministry after what was considered an inaccurate and disparaging report on the UAE. The story was censored and a lengthy complaint teleaxed to the editor. Ibrahim also complains that foreign journalists lack a basic understanding of Arabic affairs, largely from an ignorance of the language.

If local newspapers are struggling to reach maturity, radio and television are still very much in their infancy, particularly in news coverage. Both Dubai and Abu Dhabi have radio and television stations which work independently of each other. Dubai is attempting to put its voice on global airwaves by launching a world service. Its news broadcasts can be heard in Europe.

Dubai's English language colour television service is well established but subsists on imported soap operas and light dramas. In Abu Dhabi there are four channels, although all show the same Arabic programme. There has been talk for years of using one for an English service. A huge new television studio is being built which should make it easier to produce local programmes in Arabic.

Abu Dhabi radio broadcasts 18 hours a day in Arabic and also two hours a day in French, three each in Urdu and English. A large proportion of foreign language broadcasts is locally produced by expatriates and other foreign language broadcasters are scheduled to follow. The latest sound on Abu Dhabi's airwaves is Capital Radio, a repetitive all-music station financed by the Ministry of Information, which is fine for the listener who likes disco music.

Broadcasting, like the press, suffers from a lack of interested national. Some who do apply, see themselves in the role of an American-style presenter not realizing that there is a lot of hard and unglamorous work behind the scenes. Many who join soon leave for the more financially rewarding world of commerce.

Celia May

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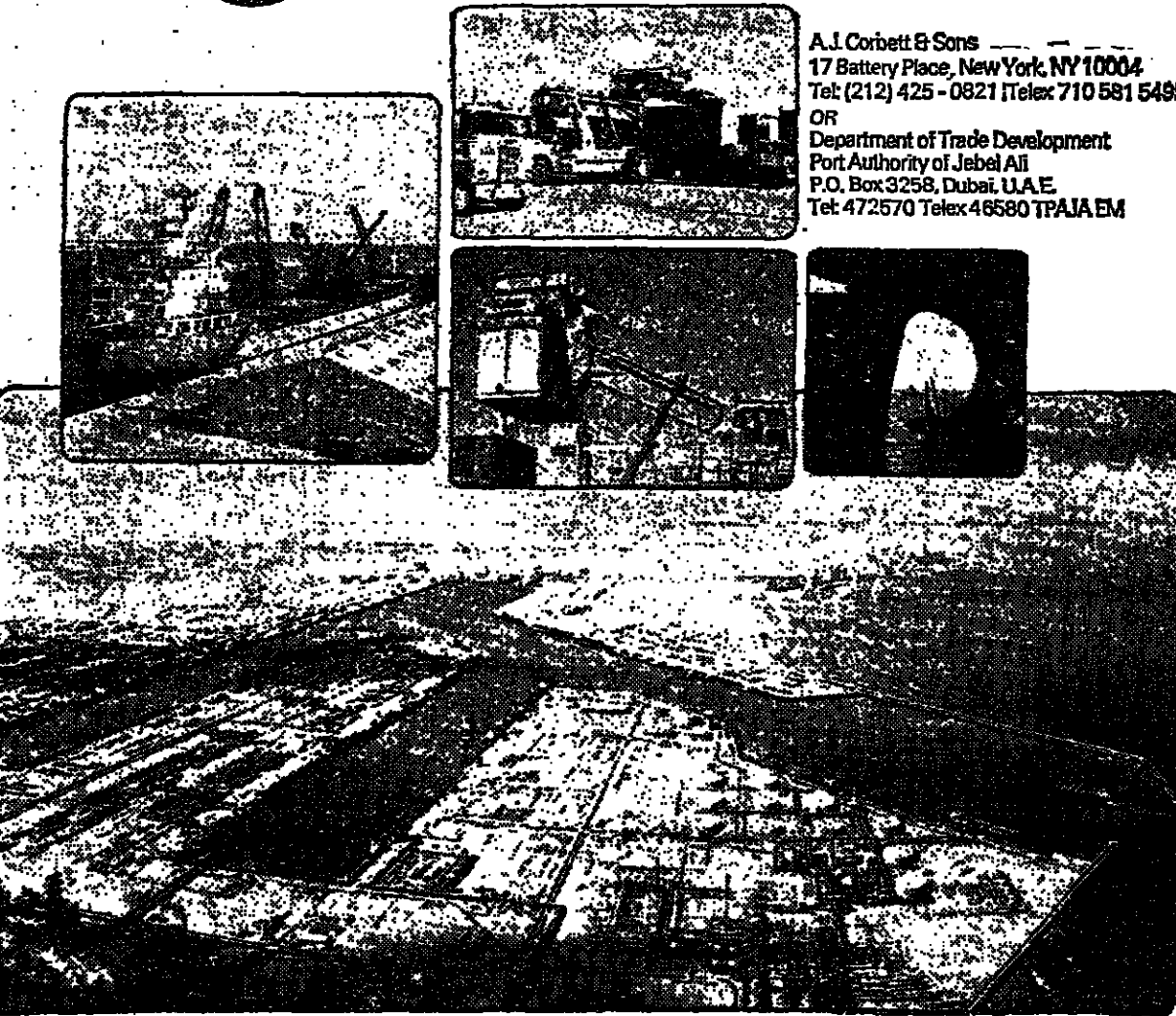
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## UNITED ARAB EMIRATES

Ann Fyfe looks at the seven individual emirates,

beginning with Abu Dhabi

## Still suffering from booming economy

Abu Dhabi's experience in the later 1970s has been an increasingly uphill struggle to assert control over an engine-revolving disconcertingly fast. The speed with which the town has grown up quantitatively and qualitatively, as well as the pin-pricks for expatriates of constant restricting legislation, are what gives life in the temporary capital its slightly gritty texture.

Vast in size and resources, the largest emirate spent the first post-independence years in rapid building at home and stamping its mark on the world abroad. Unimaginable visual change followed, and still today Abu Dhabi suffers from a booming economy sharply different from that of the other emirates. Any casual visitor can see at once that the luxury hotels of Abu Dhabi are busy and the ones elsewhere are quiet. Is oil a blessing or a curse, the local editorials ponder? The constant efforts to promote a sense of involvement in the geographically and intellectually remote oil phenomenon among ordinary citizens are an attempt to answer the question.

This questioning is a recent development however. Earlier in the decade, oil output was kept at its maximum to pay for the necessary basic services required of a modern capital city. Abu Dhabi actually countered cash-flow problems twice in the late 1960s and frenetic early 1970s. Its individual budgets were larger than the federation's and its record of completing plans better. As well as buildings, Abu Dhabi acquired ministerial-style local government with the formation of its executive council under the chairmanship of the Crown Prince in 1971 and a cabinet of ministers. It was briefly to help in administration by offering opinions, in the same year.

By 1977 the emirate's capacity to absorb both further large investments and further large-scale immigration had started to excite rethinking. In 1978 it was realized that the following

Local Abu Dhabi ministers

subsequently lost their titles in 1973 when the emirate abolished its separate ministries in deference to the federal cabinet, demoting them to departments. Money was being pumped at the same time into the rapid development of some cases almost from scratch of the poorer emirates. Abu Dhabi financed the federal budget to the tune of 90 per cent and from 1975 pledged half its own income from oil to the federal coffers.

The services which the ordinary unskilled man in Abu Dhabi has been able to sell to the foreign oil and contracting companies have been transport, land and buildings, and sponsorships and partnerships. These, therefore, have been pressed upon the companies by law as a ready means of exchange with the oil companies. Without these liens on the companies' freedom of manoeuvre, the whole oil exploitation - exploitation-exportation process might seem divorced from an Abu Dhabi citizen's life.

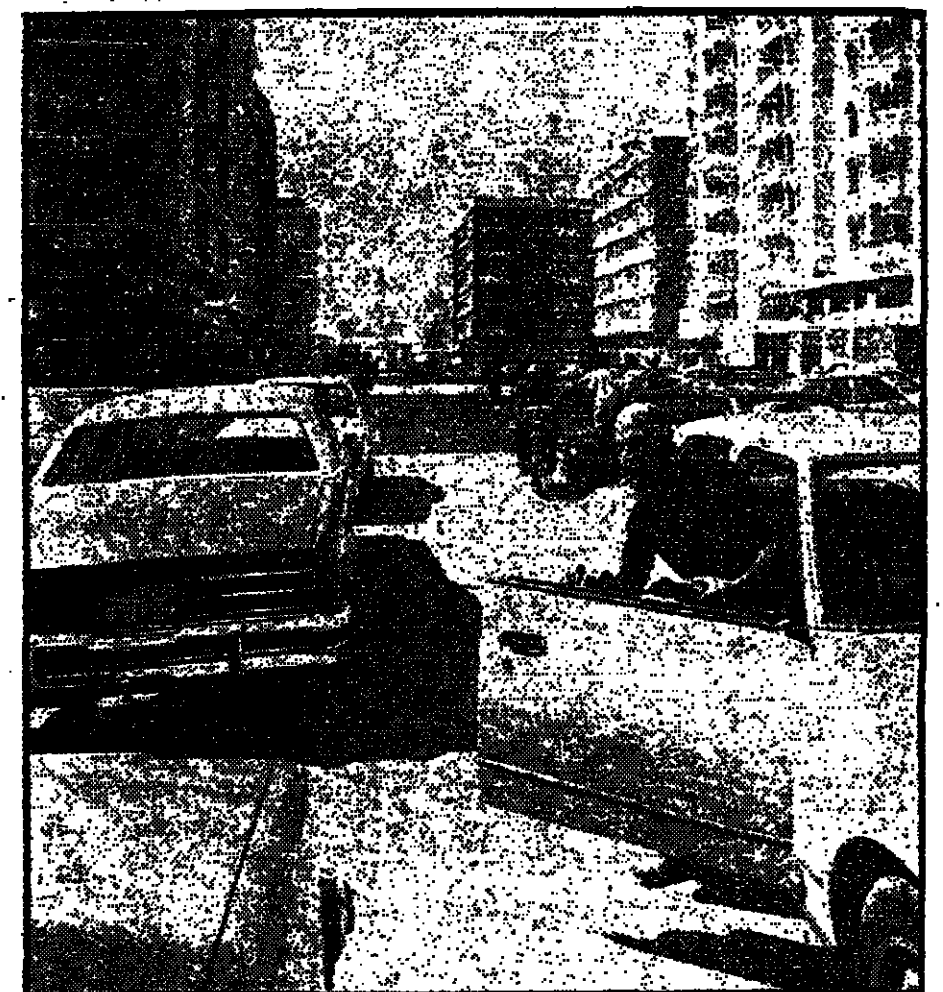
Hauliers must hire 50 per cent of their vehicles from local owners; only local citizens can own land; commercial property developed by a foreigner must be leased to the foreign party only for eight years, after which the ownership of the development passes to the local citizen. Abu Dhabi has usually taken the 51 per cent local share in joint ventures, and the law further than the other emirates. Unceasing attempts to control the use of immigrant labour gives rise to ever more complex regulations. In sum, the volume of documentation required to ease commercial life is a burden of some height for foreigners.

Not surprisingly, the ever-

year's projected development expenditure was the maximum feasible and a decision was taken to freeze it and reduce 1980's allocation to a minimum. But the budget's development figures do not include the giant projects and it is since 1978 that the largest contracts in the emirate's history have been awarded for Ruwais.

In 1974 the state had acquired a 60 per cent shareholding in the two main oil companies and subsequent implementing agreements gave the companies local incorporation and locally-based management. The Dhabhi National Oil Company was created, under what later turned out to be a singularly uncommunicative Algerian management, to administer the state's share.

Local newspapers are sedulous in reporting their front pages the number of Arab nationals the companies are recruiting. In recent months Shaikh Khalifa has taken to chairing ADNOC board meetings personally in his capacity of Deputy Ruler, a clear manifestation of the strengthening determination to control. At the same time, the continuing development of new fields onshore and offshore and the thousands of millions of dollars contracted for onshore gas gathering and use, the fertilizer plant, offshore oil field facilities, gas storage facilities, a refinery since mid-1979 have succeeded each other and kept Abu Dhabi busier and more opulent than ever. But they have continued to bring in thousands of immigrants, whose presence has required vast expenditure on utilities like electricity, water, medical care and schools, the provision of which has brought in tens of thousands more immigrants whose presence requires more expenditure.



A typical Abu Dhabi street scene: modern architecture and expensive cars.

accelerating cycle has provoked the question: "Is Abu Dhabi really the final beneficiary of all this?" The sheer magnitude of the Ruwais projects has sharpened the debate in the past two years. Abu Dhabi's status in the outside world and the early 1970s saw Abu Dhabi leaders, including the Ruler, undertaking tours of all corners of the Arab world and participating in numerous peacekeeping efforts and in non-aligned movement activities. Abu Dhabi was constantly full of African heads of state in those years. In 1974 the Abu Dhabi Fund for Arab Economic Development was set up and later expanded in mandate so as to cover non-Arab countries. Activity is not as conspicuous now, as Abu Dhabi has tried to remain neutral in the splits in the Arab world.

The fund, however, has become the alma mater of the elite in Abu Dhabi. Working with finance and investment attracts the cream of the graduate population, as in Kuwait. Like the fund, the Abu Dhabi Investment Authority is locally-managed and a prestige employer. The money industry, the processing of the surpluses, is a high-technology industry with none of the drawbacks of sucking in quantities of foreign labour: the two institutions have an impressive self-confidence about them. It is only 15 years since Abu Dhabi began turning itself into a modern state and the experience it has undergone since then has been unprecedented. As long as Abu Dhabi chooses to occupy the role of a major oil exporter in the world, the city can only continue to boom. But the consequences of the growth can only strengthen the keep-it-in-the-ground lobby, and restrictions on the foreign population can only tighten. The tension between the two ideals is endemic; the only wonder is that the compromise continues to be workable.

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Dubai  
Ruler's indelible stamp

Dubai has changed in character hardly at all in the past 10 years, it has simply grown bigger and more advanced. The UAE's second largest emirate and commercial capital is still run by the same dominating figure on the same principles, in consultation with the same merchants, as well as nowadays, some younger protégés.

Even the demographic upheaval which has so perturbed the other emirates has hardly been a new experience for Dubai, which has long had an Asian middle class. Dubai's position within the federation changed profoundly, however, when Shaikh Rashid took over the executive arm of federal government two years ago after two previous years of scepticism. Now in a position, as a result, to influence directly the federal economy, he has been managing it with the same famous intolerance of the bureaucratic process which characterizes his rule within Dubai.

Most of the facilities which enabled Dubai to attract companies flocking to the Gulf after the original oil price rises of 1973-74 were begun in the late 1960s and had already been completed by the early 1970s—though the ubiquitous but fiendishly con-

cealed radar traps, which now spell "Dubai" more clearly than any innovation to the general public, were the creation of 1980.

Work started on Port Rashid in 1968 and the first berth was commissioned in 1970. Last year the portability of 2,750,000 tonnes of cargo, the bulk of the UAE's imports. The airport was opened in 1971 and the earth-satellite station was begun in 1973, the year the Rashid hospital opened its doors. Neither the police nor medical services have expatriate chiefs any longer but are run like the port and airport by able younger Dubais.

Nor have the occupations or concerns of the Dubais changed significantly during the past decade. They are still, for the most part, traders with, nowadays, perhaps some investment in Asian-managed light industries who care greatly about the business climate.

Today, business is neither particularly good nor particularly bad. Fortunes were made, and in instances lost again, in the aftermath of the Iranian revolution, when consumer luxuries unavailable inside Iran left Dubai by plane-load and show-load. Most of these cargoes reached their destination but some did not. At the turn of this year, for example, the Iranian authorities were able to enforce their ban on such imports and Dubai became the cheapest place in the world in which to buy the video cassette recorders which then had to be unloaded on to the local market.

But in the first half of 1980, two thirds of Dubai's reexport trade was with Iran. After the internal economic recession from about 1977, Dubai contractors began to look farther afield and won work in Jordan, Saudi Arabia and Yemen. Now a number of the local banks are turning international by expanding into the Indian subcontinent and the Far East.

Since the first international hotel chain opened its hotel in Dubai in 1975 the leisure and entertainment industry has grown, in the relaxed social climate, to the point where it has now come up against both market saturation and some Islamic resistance. Tighter, though still liberal, restrictions on alcohol consumption were introduced in 1979 and the floor shows in some of the nightclubs have recently had warnings.

But the ambience is still highly cosmopolitan and stands as one of the main reasons for Dubai's popularity among Gulf expatriates. This year the mountain enclave of Hatta has also acquired an hotel which hopes to attract the business conference trade. After the middle of the decade Government projects began to grow larger and larger. Work on the dry dock

began in 1974, on the 39-storey trade centre in 1975 and the 135,000 tonnes a year aluminium smelter and associated gas liquefaction plant and the massive Jibel Port—with 15 km of quay—in 1976. Dubai's external debt soared and the profitability of some of the schemes remained unproved.

The trade centre is three-quarters full and Jibel Ali has been receiving a minor boost from cargoes diverted from embattled higher Gulf ports. The dry dock has been unused and without an operator since its completion. In any event Dubai's finances were turned around by the new doubling of oil prices in 1979 and 1980. Record daily output had been achieved in 1978 with 384,734 barrels, but the average is about 350,000 barrels a day. Dubai Petroleum Company, a subsidiary of Conoco, announced the first discovery at the offshore Fateh field in 1966 and exports began in 1969.

The second offshore field, South-west Fateh, was discovered in 1976 and brought into production two years later. The installations passed into Dubai's ownership in 1975. A small third field, the Falah, realized its first output in 1978 and a fourth, the Rashid, in 1979. Subsequent drilling elsewhere both offshore and onshore has proved unsuccessful so far but is going on.

Dubai's future is much speculated-upon in expatriate circles, partly because the stamp of the Ruler's personality is so strong that the prospect of Dubai after him seems unknowable and partly because the rest of the UAE is so obsessed with the immigration issue. Dubai blocked the 51 per cent local ownership of businesses law, which has sunk without trace along with the committee which was discussing it, and the restrictive land-ownership law when these were strongly desired by other emirates.

Can Dubai continue to uphold the free-enterprise virtues, in the federation and will it wish to do so? Since the middle of 1979, Shaikh Rashid has been able, as federal Prime Minister, to direct these internal matters according to his own lights, a far cry from the earlier state of affairs in which his grudges against federal decision-making were well aired.

As for the succession, the three eldest of Shaikh Rashid's sons have all grown into public prominence in their various jobs during the past decade and are all well-known and well-liked. Shaikh Rashid's passing per se, when it eventually comes, is thus unlikely to spark any essential change of direction. Having come through the great expansion and modernization of the 1970s without a great identity crisis, Dubai seems content in so on being the tolerant, quasi-modern town it has long been.

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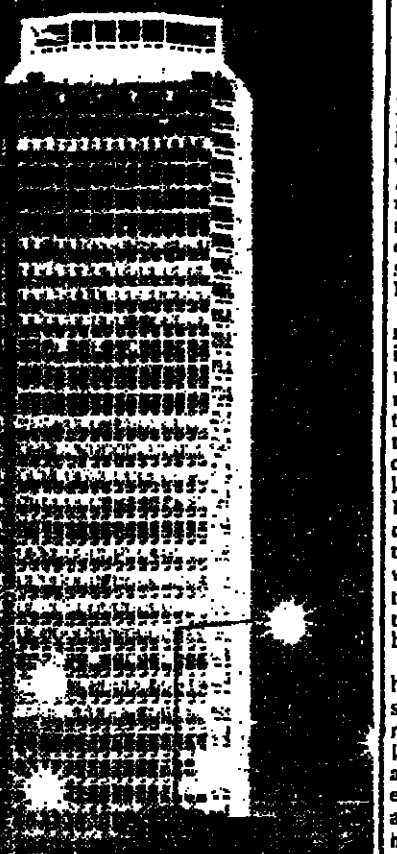
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Ajman

# Smallest state still acquiring the basics of life

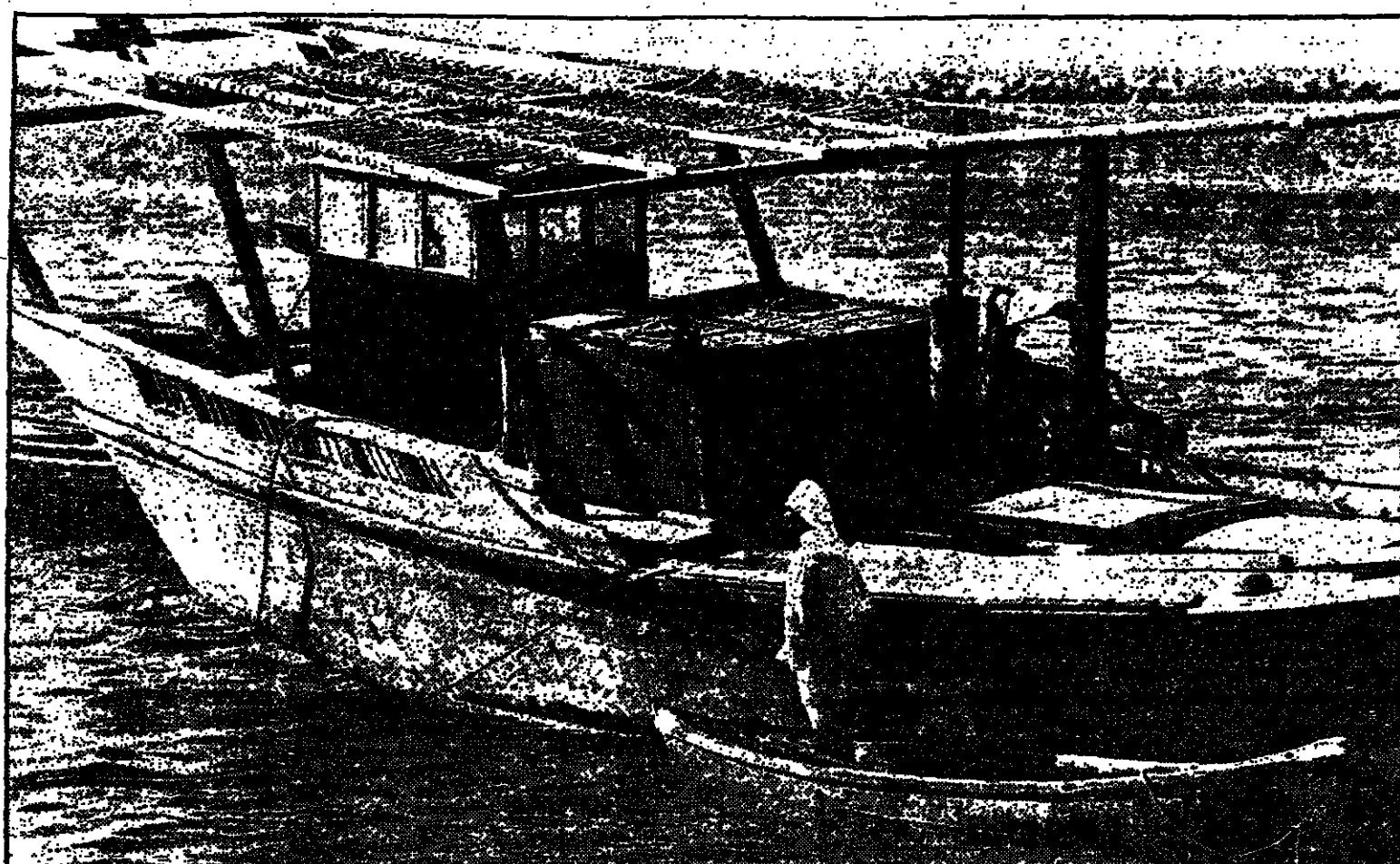
Ajman, the smallest emirate, is still acquiring the basic necessities of life and has traditionally been quiet and slow to change beneath the surface. Shaikh Rashid bin Humaid al-Naimi, now in his 50s, has ruled the emirate for 53 years and is believed to be either the longest-serving ruler in the world or even the longest-serving.

Ajman's prosperity is closely bound up with that of Dubai and Sharjah, whose emirates it accommodates, at some extent with the emirates of Kuwait and her Gulf investors. It is a heavily dependent on a federation for almost all development and was one of the four emirates which joined their flags in 1971 and a number of their government departments in favour of their counterparts in the mid-70s.

Ten years ago plans were drawn up to develop Ajman and this process has been central to the life of the town since. The idea was to improve its navigability and reclaim land for commercial use. Five stages of the development are completed and the next will be the last. Storage sheds have been added through a Norwegian loan and the port has been seconded from the captain seconded from the Mackenzie.

After a decision three years ago to allow companies to market their goods or services in Ajman to acquire shore status and thus exemption from the legal requirement of a controlling interest, a number of industries have established themselves on the reclaimed sites. These include Haliburton and de Provence, both in field supply and shipping.

There are now few indigenous Ajmani enterprises as a general rule Ajman depends when Dubai and Sharjah prosper and the so-called commuter within commuting distance.



The traditional lines of the ancient dhow can still be seen in the boats off the coast of Ajman.

ance which Ajman offers is needed.

Ajman Heavy Industries, a public company with a Japanese manager, operates a ship repair yard servicing oil field supply boats, tugs, freighters and other craft up to 1,500 tons, and is the emirate's largest venture. Smaller-scale ventures provide high-quality marble from the inland mountains of Masfut, concrete blocks, aluminium sections, steel wire

and furniture. Britain's Silent Night produces mattresses there. Printing, paper and photographic requisites are well established, as is Gulf mineral water. A well-sited new beach hotel is used at weekends by local companies from noisier emirates for their executives.

Larger public and private schemes have included a large commercial centre, a leisure complex and an oil refinery, but these have remained on the drawing board. Much of the private capital in Ajman is Kuwaiti, and Kuwait is having difficulty sorting out its stock exchange rules for the flotation of non-Kuwaiti companies. Silent Night investors are said to be refraining from founding new companies and this, if it continues, must affect liquidity in Ajman, Sharjah and Ras al Khaymah.

Although hundreds of low-cost homes and private blocks of flats have been built and the tiny town is no longer dominated by its ancient fort, Ajman estimates that it needs at least 750 more houses in 1981 and 3,500 in the life of the forthcoming federal five-year plan 1981-85 for its population of 36,200. On the drawing board is an expensive sewage

facility, which the municipality hopes will be started this year. Ajman town contains 34,000 of the emirate's 36,200 people. Manamah and Masfut, the Na'im's two separate inland enclaves, are agricultural oases in the Hajjar mountains. They are peaceful and still not completely equipped with all necessary utilities, though both have electricity, some housing, and there are metal roads. The marble which is Masfut's claim to fame gives the rocks a faint green tinge.

Modern farms, owned by more prosperous families in

Ajman, are being established alongside traditional ones. Established crops include tobacco. A common sight is a lorry-mounted rig drilling for water.

After a long spell as the only emirate of the seven with no oil prospectors, Ajman is to be reassured shortly in the wake of new discoveries at the end of 1980 in Sharjah, which adjoins Ajman. But it is impossible to separate Ajman's future, either economic or political, from that of the rest of the federation on which it depends for development, or from that of Dubai or Sharjah.

Sharjah

## Progressive ginger in conservative sauce

What the UAE has in the way of a radical lobby comes from Sharjah. Its formative experience was long contact with overseas peoples and ideas and a desire to modernize, all frustrated by dearth of resources. In 1974, oil exports began and a rapid expansion of building ensued which finally over-reached itself.

Some degree of social and economic rethinking is in evidence today and is liable to restrain any fresh spending spree which the new oil discovery of the closing weeks of 1980 might have unleashed. Sharjah's role is quite distinct, the progressive ginger in an otherwise conservative sauce.

Sharjah was the lower Gulf's main port for centuries. An acquaintance with shipping, documentation, customs and procedures grew up as a result and formal education made its appearance considerably in advance of the other settlements on the coast.

By the dawn of the 1970s, with British withdrawal and the gestation of the UAE, the atmosphere in Sharjah was one of strong desire for development, encouraged by a young ruler who had succeeded in 1965, but frustrated by lack of finance. Shaikh Khalid was murdered in 1972 and his younger brother was brought in to take over as the present ruler. Two years later oil exports began from the Mubarak field off the Gulf island of Abu Musa which had been occupied by the Shah's troops in 1971.

With an energetic American adviser, since departed, Sharjah erupted in the mid-1970s into an orgy of building projects. International hotels were started, a great lagoon dredged, multi-storey apartment blocks thrown up, a port and airport created and an arresting mix of blue and white assemblage. Over-capacity resulted, with debts rumoured to approach \$1,000m. Rents and hotel rates fell and loans had to be solicited from Abu Dhabi, but at the same time a certain level of activity in service industries such as travel, advertising, shops and boutiques and leisure has proved durable.

Growth of such magnitude and speed has encouraged the political and social awareness which has long been more highly developed in Sharjah than elsewhere. Federal cohesion,



Imported kitchen ware for sale on the quayside at Sharjah.

the immigration issue and wealth distribution are the main topics of debate, as throughout the UAE, but the two independent press organs which lead the public debate are domiciled in Sharjah. Al-Khaleej is a daily newspaper founded by the present Speaker of the National Assembly and the former outspoken Minister of Education who lost his job when Shaikh Rashid became Prime Minister.

It keeps up a vehemently anti-American line on foreign affairs and a radical stand on neo-colonialism, social issues and the constitution, supporting elections, and follows closely developments in the two Gulf states which have elected parliaments. Kuwait and Bahrain. The publication is highly professional and well-regarded. Al-Azmina of Arabia, a weekly magazine founded by a prominent Ras al Khaymah family, takes a more extreme view in opposition to the present direction of change, which it sees as destructively materialistic and of more benefit to the foreign immigrants than to the people of the UAE. Its language is very strong on occasion, but again its professional standards are high and the magazine is read almost universally among the secondary schools, students and younger civil service people. Sharjah's east coast vil-

lages, intertwined with those of Fujayrah, share Fujayrah's concern for federal politics and witnessed similar marches during the petrol price controversy last year. Also like Fujayrah, the Sharjah east coast has sandy beaches and mountain views, which enable tourism to be considered feasible on a small scale. A leading German travel organization now includes Sharjah and Ras al Khaymah among its holiday destinations, and the Khor Fakkan Holiday Inn attracts good business at holidays and weekends from emirates tourists from the towns.

The fuse which ignited the spending explosion of the mid-1970s was an oil field off the island of Abu Musa which yields the crude with the lowest sulphur content in the Gulf. Oil flowed initially after start-up at more than 50,000 barrels a day but the field declined quickly and is now producing around 12,000 barrels daily. Iran occupied Abu Musa in 1971 but subsequently came to an agreement with Sharjah on sharing the revenue from the field.

Umm al Qaywayn has, however, pressed claims on Sharjah's portion and details of who has or has not paid what to whom are kept fairly quiet. Further oil exploration suddenly proved fruitful in December last year when Amoco announced commercial finds of oil and gas on shore at Sajaa. The well flowed at 4,650 barrels a day and is reckoned capable of producing 80,000 a day when developed in about 18 months' time. Two further fields offshore east of Sajaa and offshore 12 miles east of Mubarak are being evaluated.

News of the finds evoked great speculation about the uses to which the revenue might be put. With debts loosely put at \$1,000m, the likelihood is that they will be used for consolidation and not for further large projects. As in the other emirates, the benefit of heavy industry is viewed with suspicion today by the socially aware. Nevertheless, a renewed spending spree cannot be ruled out entirely; it depends on how large the new finds prove to be and the size of the investments needed to exploit them.

Meanwhile, Sharjah looks likely to continue to promote the progressive tendency inside the federation, within the limitations of an ever more sensitive attitude on the part of the censorship authorities and within the limitations of its need for federal aid.

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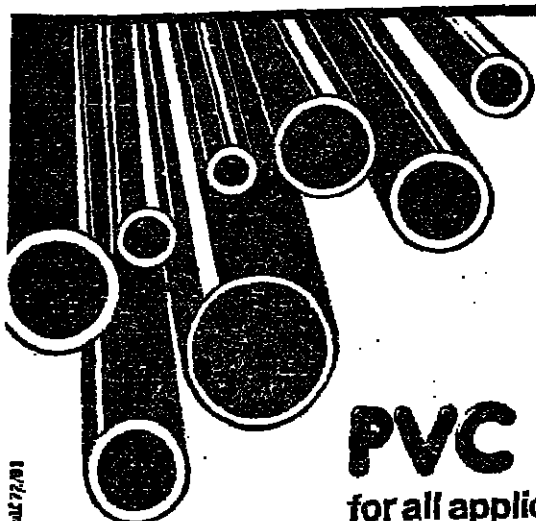
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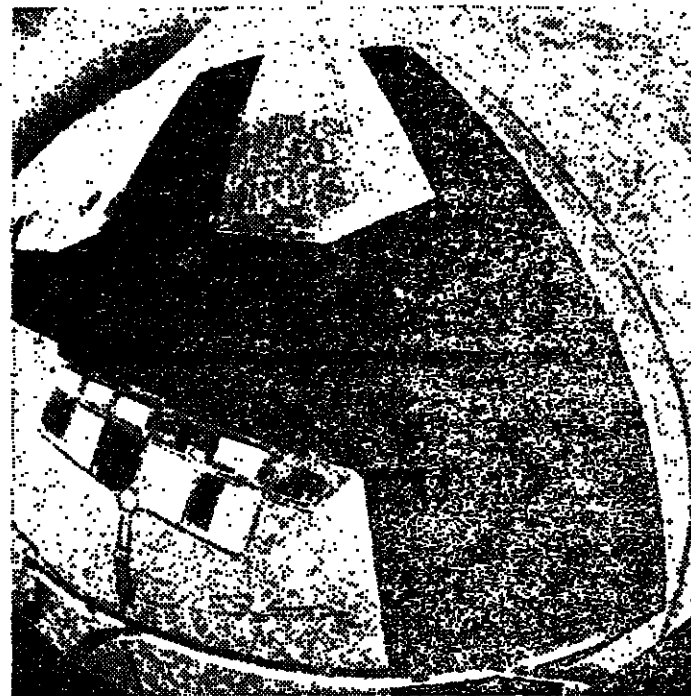
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Fujayrah

# Road leads to political consciousness for the young

Fujayrah was linked to the rest of the world by road in the middle of 1970s. One of the emirate's formative experiences, thus was the break with its former isolation, leaving a legacy of conservatism among the older generation and a strong desire to catch up among the young.

The death of white-bearded Sheikh Mohammad bin Hamad ash-Sharqi in 1974 brought to power his Western-educated son Sheikh Hamad, now in his early thirties and the youngest of the seven rulers of the UAE.

Only the federation had the resources to make possible a modern standard of living on the east coast, and this has made Fujayrah highly conscious of federal policies. In comparison with the towns of the west coast, Fujayrah is still without a few of the basic development needs—for example, the whole east coast is without a hospital—and Fujayrah retains an altogether slower pace of life.

The road through the Hajar Mountains from the west of the UAE was opened in the autumn of 1975 and then came the rehousing and

building programme already in progress to reduce frequent damage to the villages from winter flooding, and work began on a \$20,000 tonnes-a-year cement plant at the end of last year.

These development projects have spawned the usual construction materials factories supplying marble, tiles, fencing and the like. Private sector investments have found their way into table water, leather goods, the Fujayrah Insurance Company and planned poultry farms. Together, the public and private ventures represent a level of activity unprecedented in Fujayrah and unthinkable as recently as two years ago.

Maintaining the impetus depends to a large extent on the continuation of activity in the rest of the UAE, but Fujayrah can perhaps expect to attract more attention in its own right in the long term by virtue of its location outside the Straits of Hormuz. Since the Iran-Iraq war broke out, ships taking their time about entering the Gulf have already started to buy services either in Fujayrah directly or, more usually,

while spires of the minarets, all enclosed by the curiously purple mountains.

At present there are only the hotels to encourage the tourists to part with their money, and the Government of Fujayrah has only just started to give the subject its attention. As well as the Fujayrah Hilton, the Beach Motel and the Sandy Beach are always busy at weekends and holidays with internal tourists, as are the beaches, and a chalet-type development has been started at the biggest beach, Aqah. If the de facto solution to the visa scarcity remains in force, it does seem that the east coast has a future in tourism, if only on a small scale.

Although it is accessible by road and, lately, by telephone, and is catching up on housing, needs, Fujayrah is not yet comparable in development with the western coast. Pending completion of the 200-bed hospital being built, Fujayrah has only an outpatients' clinic with a makeshift operating theatre for a hospital.

The pace of life is slow in the 43 villages which make up the emirate, and the tenor is rather conservative. The

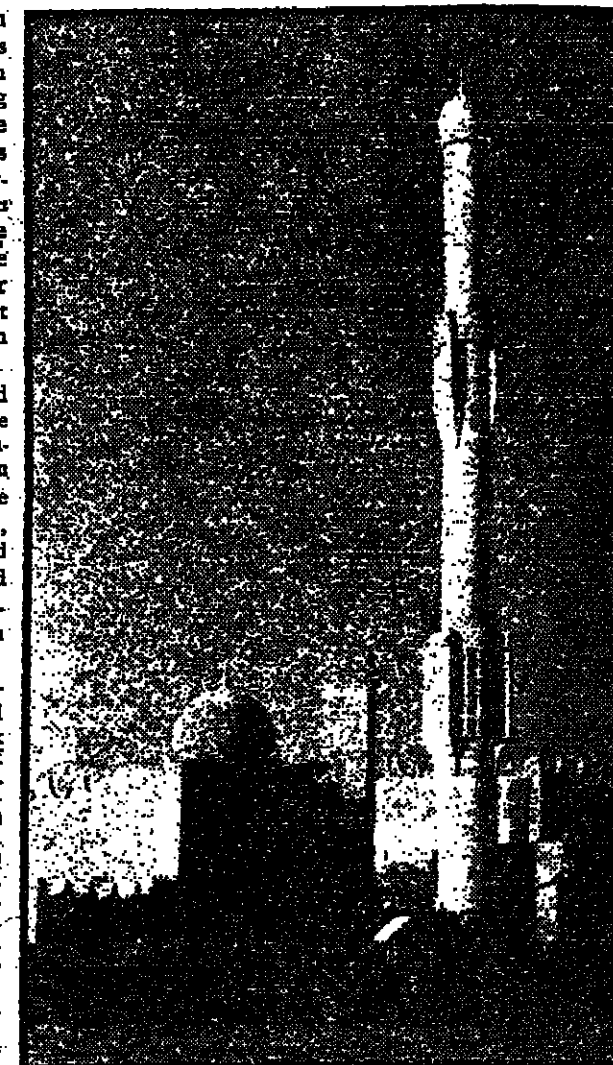
Umm al Qaywayn

# Federal funds aid fishing village

Quiet Umm al Qaywayn, on its elongated spit of sand, is still a fishing village with for the most part a fishing village's concerns, despite which a striking feature is the large number of prosperous mansions lining both sides of the main road to the Ruler's diwan. Another is the water skiing past the water sports club originally built for the officers of the Union Defence Force.

Sheikh Ahmad bin Rashid al-Mulla, the head of the numerically large ruling family, who came to power in 1929, died on Saturday. He is succeeded by his son, Sheikh Rashid bin Ahmad al-Mulla, to whom he had already delegated his rule. The family has a reputation for financial caution.

Fishing is the main economic activity in the town and the development of the creek has been the main event of the emirate's past decade. Now complete, the improvements have created 800 metres of wharfage for fishing boats and, in a second port area, berths for ships of up to 25,000 tons, a project supervised by WVS Atkins. Federal aid and incentives to fishermen in the form of loans for engines and equipment have been a second main improvement in the emirate's living standards.



A new mosque in Umm al Qaywayn.

Other economic activity has been minimal; a casino/hotel opened for some years in the mid 1970s but was later closed in deference to conservative public opinion. An asbestos factory has been opened and on the inland part of the emirate, Falaj al-Mulla, a poultry farm which supplies eggs and chickens to the northern emirates. Falaj al-Mulla has water and therefore some agriculture, and completes Umm al Qaywayn's total area of about 300 sq miles.

Housing, street-lighting, electrical power and Umm al Qaywayn's own radio broadcasting station have brought more of the trappings of modern life to the town but little in the way of ideological renewal, income and housing remains the dominant interests.

The decade has, however, been enlivened by the acrimonious lawsuits between Occidental Petroleum and Bares—which operates the Mubarak field from Sharjah—over ownership rights. A 30 per cent share of Sharjah's 50 per cent is usually quoted as the agreement reached over revenue-sharing between the three parties, Sharjah, Iran and Umm al Qaywayn, but the subject is not considered suitable for polite conversation in either Sharjah or Umm al Qaywayn.

In 1976 Zapata announced a find of small quantities of oil and large quantities of gas 22 km off the Umm al Qaywayn shore and east of Umm al Qaywayn has played Mubarak. Publicity was subsequently given to an agree-

Ras al Khaymah

# Commerce reviving after paralysis

Ras al Khaymah's history over the past 10 years has been closely bound up with the Currency Board's and the banks. Development has been expensive in the remote and difficult terrain of the northernmost emirate, and ambitious hopes have often been dashed by disappointing resources. Ras al Khaymah people have a reputation for being ambitious. Today, after three years of near paralysis, commercial life is beginning to revive, but maintaining the improvement depends on the federation and on other Gulf investors.

After the sheikhdom joined the federation in February 1972, later than the other six, money borrowed from banks poured in to property and the import trade, while the local gov-

ernment signed contracts for a port, airport and earth-satellite station. Buoyant oil hopes encouraged the boom in land prices. Then, when the Currency Board clamped down on further bank lending in the "corrective movement" of 1977, Ras al Khaymah was stunned. Enterprise withered, projects were halted and debts incurred; the paralysis lasted until the end of the decade.

The federal Government's initiative in repaying bank loans invested in property, therefore, has an equally marked effect in restoring liquidity. The committee which settled the loans worked with remarkable dispatch in UAE terms and had repaid the entire 1,600m dirhams by the end of 1980. The body is now to be extended into a permanent property bank; this has further increased optimism.

Moreover, Ras al Khaymah has attracted its share of the joint Gulf companies, those vehicles by which Gulf investors, often Kuwaiti, double their money. Kuwait's regulatory authorities, concerned by the drain on their own country's meagre liquidity that these investments encourage, have been looking for ways of curbing them and a body of Kuwaiti investors themselves have apparently observed an informal moratorium on new flotations in an attempt to protect the value of earlier issues. If successful, which they have not so far been, these moves could negate the benefits to Ras al Khaymah, as well as to Sharjah and Ajman.

Farming, both crop cultivation and livestock rearing, absorbs a sizable section of the labour force and of investment in the UAE's main agricultural centre. Private farms are numerous, though

no longer necessarily their owner's principal livelihood, and at government level Diddagga is a well-known dairy and vegetable farm established successfully for some years now.

Ras al Khaymah exports rock and steel pipes to Saudi Arabia, and the latter to the Far East. It also produces lime, aggregate, cement and industrial explosives.

Oil, on the other hand, has so far failed as a revenue-earner, though exploration continues. A commercial find was announced in 1976 to be flowing at 4,000 barrels a day but has not yet been brought on stream. Gulf Oil recently began prospecting, but this time the Government is keeping a tighter rein on speculation.

Because so many of the sheikhdom's villages are dispersed in the high Jibel, development and especially

road-building has been expensive and slow and within the means of the federation only.

Ras al Khaymah town is not far behind the western coast towns today except in electricity supplies and services. In years gone by Sheikh Saqr was known to express publicly his impatience with federal generosity, complaining to a newspaper that he had been obliged to borrow money in Europe at 13 per cent when federal aid was being lavished on other beneficiaries at 2 per cent.

Though generally rather conservative in character, Ras al Khaymah has had an eventful decade: politically with first the loss of the Tufts, then the decision, later reversed, to remain outside the federation, and finally a rather serious border dispute with Oman, which in 1978 laid claim to

the Khor Khuwayr industrial area opposite the offshore oil find. Indeed, some of the leading lights of the UAE's intelligentsia have been provided by Ras al Khaymah.

Today, discussion of the federation's future shapes when the constitution expires in December is certainly no less impassioned in the sheikhdom than elsewhere. The Ruler, Sheikh Saqr al-Qasbi, who came into power in 1948, did not, along with his counterparts in Dubai and Umm al Qaywayn, see fit to abolish his flag or merge local government departments into the central administration as Abu Dhabi, Ajman, Fujayrah and Sharjah did when the constitution last expired in 1976. Sheikh Saqr's son made headlines at the beginning of the year by calling for greater "equality" in whatever new form of constitution emerges.

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